

UNITED STATES DEPARTMENT OF THE INTERIOR BUDGET JUSTIFICATION

FY 2001



OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

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**OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS
FY 2001 BUDGET JUSTIFICATION**

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Bureau Summary Table

(dollars in thousands)

Appropriation		2000 Enacted	2001		2001 Request
			Uncontrollable & Related Changes	Program Changes	
Direct Appropriations:					
Office of the Special Trustee For American Indians	BA	90,025	+580	-7,977	82,628
	FTE	346	0	+20	366
Indian Land Consolidation Pilot	BA	5,000	0	+7,501	12,501
	FTE	0		0	0
Subtotal	BA	95,025	+580	-476	95,129
Permanents and Trusts					
Payments of trust accounting deficiencies		0	0	+6,700	6,700
Tribal Special Fund	BA	59,722	0	-29,311	30,411
Tribal Trust Fund	BA	31,110	0	+1,829	32,939
Subtotal	BA	90,832	0	-20,782	70,050
	Total BA	185,857	+580	-21,258	165,179
	FTE	346		20	366

General Statement

The total FY 2001 request for the Office of the Special Trustee for American Indians (OST) accounts is \$95 million, about the same level as the FY 2000 enacted amount. This request includes a FY 2001 decrease of \$7.4 million in the account for Office of the Special Trustee and an increase of \$7.5 million in the account for Indian Land Consolidation. This budget reflects the continued emphasis the Administration and the Secretary place on implementation of Indian Trust Asset Reform efforts and the funding level needed to sustain the continuation of operational and organizational improvements initiated in previous years. Eliminating Indian trust management deficiencies continues to be the Secretary's highest management priority for the Department of the Interior. Improvements in systems, operations and policies are critically needed to ensure the Federal Government meets its fiduciary obligations to Indian tribes and individual American Indians. New systems that will link the management of underlying trust assets and the financial accounts will begin operations in FY 2000 to ensure that collections and payments are accurate. Additional funds to continue to address needed trust management operations programs are also included in the budget for the Bureau of Indian Affairs (BIA).

The Department of the Interior (DOI) is pursuing a three-pronged approach to address issues related to its administration and management of Indian Trust funds.

First, DOI is working closely with the staff of the Senate Indian Affairs Committee and Tribal and allottee groups to end the increasing fractionation of Indian allottee lands. This effort builds on legislation introduced during the first session of the 106th Congress. This fractionation of interests not only undermines the vitality of allottee-owned land, but it also severely complicates the government's management of trust assets and resources.

Second, the Department is preparing new legislation to address claims that Tribes may have with regard to the Department's past management of Tribal trust accounts. The Department is continuing to work with tribal groups on exploring options for Tribal Settlement legislation. While progress is being made on key issues, the Indian Community has advocated a legislative proposal that not only addresses disputed balances, but also examines the management of the underlying trust assets. The Department believes that the legislative approach does not lend itself to addressing these types of claims. The settlement legislation is the culmination of a five-year effort to reconcile Tribal trust accounts as mandated by Congressional directives beginning in 1987, and reconfirmed in the *American Indian Trust Fund Management Reform Act of 1994*.

Third, the Department is taking action to improve the underlying trust management and accounting system. One of the Department's highest priorities is to bring trust resource management, accounting, investment and related systems up to industry standards. The DOI's High Level Implementation Plan (HLIP) for improving the underlying trust management and accounting systems outlines a comprehensive, coordinated, inter-Bureau effort to correct the many well-documented problems

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associated with the Department's management of Indian Trust funds. The revised HLIP was published on March 1, 2000. This HLIP outlines progress made toward completing improvements in trust management and lays out additional steps that must be taken to reach the goals and objectives that have been established.

In FY 2000, the Trust Funds Accounting System (TFAS) implementation will be completed in all Regions to address numerous accounting deficiencies in management of IIM accounts. BIA expects to make significant progress implementing its key trust system - the Trust Asset and Accounting Management System (TAAMS). Implementation of TAAMS will continue into 2001.

While significant efforts in data file cleanup in OST and the Bureau of Indian Affairs (BIA) will be completed during FY 2000, additional data clean up efforts are needed in FY 2001 to address deficiencies quantified in conversion efforts.

The OST budget request of \$95.1 million in FY 2001 will provide for the continuation of trust operational improvements and systems previously implemented, further reductions in probate backlogs, and increased trust oversight and risk management and related improvement activities.

Bureau Summary

In FY 1996, the OST was established pursuant to the *American Indian Trust Fund Management Reform Act of 1994* to provide for more effective management of, and accountability for, the Secretary's trust responsibilities to Indian tribes and individual Indians. The Special Trustee reports directly to the Secretary and, among other responsibilities, is charged with general oversight of efforts to reform the management of Indian trust assets Department-wide.

Also in FY 1996, at the direction of Congress, the responsibilities and authorities of the Special Trustee were expanded through Secretarial Order No. 3197, which transferred the Office of Trust Funds Management (OTFM) and related financial trust functions of field offices of the BIA to OST. The Special Trustee has authority over and responsibility for trust monies of Indian Tribes and individual American Indians. Additional trust functions of the Department are to be carried out by the Bureau of Land Management (BLM), Minerals Management Service (MMS), and BIA.

The Secretary's August 1997 agreement with the Special Trustee to proceed with selected trust systems improvements and data cleanup efforts contained in the Special Trustee's Strategic Plan provides the framework for the budget and is further identified and outlined in the July 1998 High Level Implementation Plan (HLIP). HLIP contains information on and describes each of the sub-projects, responsible Bureaus and Offices, supporting tasks, critical milestones, work plans, resource estimates and accountable officials to address trust management reform. Additional detailed information on the plans, requirements and milestones schedules for the Trust Management Improvement Project (TMIP) by sub-project is contained in the revised HLIP.

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Significant financial and personnel resources are needed to continue trust management reform efforts in OST, BIA and Office of Hearings and Appeals (OHA). This budget request identifies the resources needed for OST, BIA and OHA to meet the next phase of these requirements in FY 2001. These trust improvements will change the current way of operating throughout Indian trust management programs, to a more efficient, effective, audit able, standard practice methodology, that is modeled after private sector trust programs and subject to independent audit and verification.

PROGRAM RESPONSIBILITIES

Ongoing Operations: The OST manages approximately \$3 billion held in trust for Indian tribes and individuals. Approximately \$2.6 billion is held in about 1,400 tribal accounts for 315 tribes. The balance of approximately \$480 million is held on behalf of individual Indians in over 285,000 accounts and other special trust funds, including the Alaska Native Escrow Fund. Most assets held in trust for Native Americans are owned by the trust beneficiaries and therefore not Federal assets.

TRUST FUND ACCOUNTS

The balances that have accumulated in the Indian trust funds have resulted from claims and judgment awards, investment income, and revenues from approximately 56 million acres of trust land. Revenues are derived from subsurface mineral extractions (coal, oil, gas, and uranium) timber, grazing, and other surface leases. Judgment awards constitute approximately 49 percent as of September 30, 1999 of the tribal funds, while individual Indian funds realize receipts primarily from royalties on natural resource use, land use agreements, enterprises having a direct relationship to trust fund resources, per capita payments, and investment income. Overall, the composition of the source of Indian trust funds has not changed significantly since April 1993. However, the value of the funds and number of the accounts have grown.

Authorizing legislation and case law specify how Indian trust funds assets should be managed and which financial instruments constitute appropriate investments. Investments are limited, in most cases, to U.S. Government securities (Treasury and other agency issues) and insured deposits or deposits collateralized by U.S. Government securities. Disbursements from judgment awards must be made in accordance with tribal award distribution plans.

Under Title II of the *American Indian Trust Fund Management Reform Act of 1994*, a tribe may voluntarily withdraw its funds from the trust, subject to plan approval by the Secretary. While several tribes have inquired regarding the process, as of December 31, 1999, only two tribes have withdrawn their funds, one tribe has made a partial withdrawal, and three tribes have submitted applications to withdraw their funds.

FIDUCIARY RESPONSIBILITY

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In carrying out the management and oversight of the Indian trust funds, the Secretary has a fiduciary responsibility to ensure that trust accounts are properly maintained, invested, and reported in accordance with the *American Indian Trust Fund Management Reform Act of 1994*, Congressional action, and other applicable laws.

Reviews by the General Accounting Office, the Inspector General, independent accounting firms, and Congressional committees have identified serious problems in the Department's historical management of funds held in trust for American Indians and Alaska Natives. Accordingly, the OST program includes both the maintenance of on-going operations and improvements to other critical functions.

FY 2001 BUDGET REQUEST

The budget reflects the Administration's commitment to Native Americans by proposing a Government-wide initiative to address critical needs in Indian Country comprehensively and systematically. The President's FY 2001 budget proposes \$9.4 billion (\$1.2 billion or 14% over 2000) for Federal programs addressing basic Tribal needs, such as health care, education, economic development, and infrastructure development. The FY 2001 request for the OST account is \$82.6 million, a \$7.4 million decrease below the FY 2000 level. This funding level provides the funds necessary to sustain the significant Indian Trust Asset Reform initiatives begun in previous years. Funding for BIA and OHA components of the TMIP are also reflected under the OST budget. The request would provide the following:

A total of \$58.4 million for Trust Systems Improvements to fund the requirements of the TMIP identified in the High Level Implementation Plan, a decrease of \$6.9 million from the FY 2000 level. This decrease reflects a decline in onetime systems acquisition costs. These funds will be used to operate the trust fund and trust asset and accounting management systems, address account data problems, and further reduce backlogs in trust asset processing functions. The Department has installed and is operating a Trust Funds Accounting System (TFAS), suitable for both Tribal and IIM accounts. The Department also is piloting and will begin installation of a standardized, commercial off-the-shelf land management system technology, referred to as Trust Asset and Accounting Management System (TAAMS), which will replace the aging BIA trust asset management systems and land title and records and minerals royalty systems.

An additional \$1.6 million for increased staffing and support costs to provide additional resources to the Special Trustee to oversight trust improvements Department-wide and sustain improvements in various trust operations activities within OST.

An additional \$580,000 for fixed costs such as pay raises, FTS, GSA space costs and WCF net increases.

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The above increases are partially offset by a net decrease of \$2.7 million in estimated costs to provide for tribal settlement support activities and ongoing litigation.

Approximately \$24.7 million of the total provides for the ongoing base operating costs for the Office of the Special Trustee and related trust management functions.

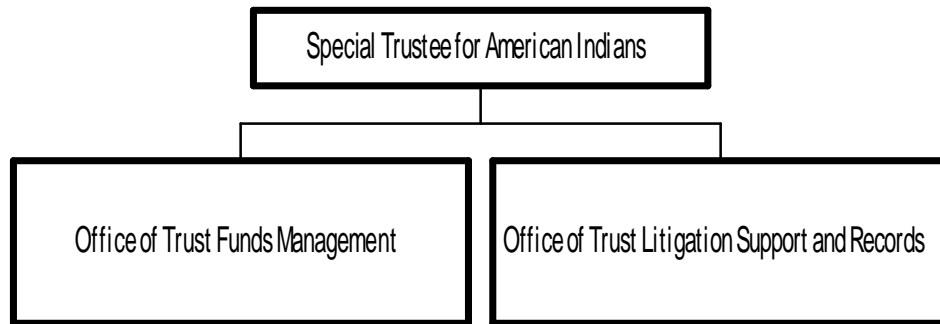
The FY 2001 request for the Indian Land Consolidation Program account is \$12.5 million, a \$7.5 million increase above the FY 2000 level. The request would provide the following:

A total of \$12.5 million to provide funds to address fractionation of Indian Lands. These funds would provide for expansion of the land acquisition program to consolidate fractional interests on allotted lands. This action is consistent with the strategic goal of maximizing the economic benefit and utilization of individually owned Indian and tribally owned trust/restricted lands in a manner consistent with the federal government's role to protect and preserve such lands. Funds will be used to consolidate Indian lands, including support for the reopening and acquisition of "*Youpee*" interests in allotted Indian lands.

Budgetary Reclassification of Tribal Trust Funds – Beginning in 2000, a significant change occurred in the budgetary classification of tribal trust funds. The Federal budget totals no longer include funds that are owned by Indian tribes and held and managed in a fiduciary capacity by the Government on the tribes' behalf. On October 1, 1999, \$1.9 billion in tribal trust funds were reclassified to non-budgetary accounts. This change specifically acknowledges tribal ownership of these trust funds, a fact that has long been acknowledged in the Secretary's day-to-day management of these funds. This reclassification affects only budget coverage and does not change the operation of the funds or ownership of the fund assets, whether by the government or the tribes. Additional amounts may be reclassified as non-budgetary as OMB and the Department complete the reclassification process. As of October 1, 1999, \$682 million in tribal trust funds remained classified as budgetary. These budgetary funds consist of the following: \$444 million that has yet to be classified; \$178 million for legislative settlements for which certain conditions must be met before ownership transfers to tribes (e.g., waiver of claims); \$52 million to carry out Secretarial obligations (e.g., construct dams, deliver water); \$6 million earmarked for education grants; and \$2 million for gifts and bequests.

Organization Chart

Office of the Special Trustee



Appropriation Language Sheet

Office of the Special Trustee for American Indians

General and special funds:

OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants, [\$90,025,000] \$82,628,000, to remain available until expended: *Provided*, That funds for trust management improvements may be transferred, as needed, to the Bureau of Indian Affairs "Operation of Indian Programs" account and to the Departmental Management "Salaries and Expenses" account: *Provided further*, That funds made available to Tribes and Tribal organizations through contracts or grants obligated during fiscal year[2000] 2001, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee: *Provided further*, That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of the enactment of this Act, concerning losses to or mismanagement of trust funds, until the affected tribe or individual Indian has been furnished with an accounting of such funds from which the beneficiary can determine whether there has been a loss: *Provided further*, That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least 18 months and has a balance of \$1.00 or less: *Provided further*, That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder. (*Department of the Interior and Related Agencies Appropriation Act, 2000, as enacted by section 1000(a)(3) of the Consolidated Appropriation Act, 2000 (P. L. 106-113)*)

Appropriation Language Citations

Appropriation: OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

1. For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants,

25 U.S.C. 13 provides for direct operation of various federal programs for Indians throughout the United States.

25 U.S.C. 450(f)(a) and 450h(a) directs the Secretary, upon the request of any Indian Tribe, to enter into a contract or contracts to plan, conduct, and administer programs which the Secretary is otherwise authorized to administer (P. L. 93-638, as amended).

31 U.S.C. Chapter 63 provides procedures to be followed in the preparation of Federal contracts, grants, and cooperative agreements.

25 U.S.C. 458(cc) provides procedures to be followed to establish and implement Tribal self-governance compacts.

25 U.S.C. 162a authorizes the deposit and investment of Indian trust funds.

25 U.S.C. 4001 et seq. provides procedures to be followed for tribal withdrawal of trust funds, and authorizes the Office of the Special Trustee.

25 U.S.C. 459 et seq. includes numerous provisions affecting specific Tribes related to distribution of claims, settlements, and judgments.

2. to remain available until expended

25 U.S.C. 13(a) authorizes the carryover of funds which were not obligated and expended prior to the beginning of the fiscal year succeeding the fiscal year for which such sums were appropriated.

3. That funds for trust management improvements may be transferred, as needed, to the Bureau of Indian Affairs ...and to the Departmental Management...

25 U.S.C. 4043(b)(1) authorizes the Special Trustee to oversee all reform efforts within the Bureau (of Indian Affairs)... and to ensure the establishment of policies, procedures, systems and practices to allow the Secretary to discharge his trust responsibilities in compliance with this chapter. This language also provides the authority for the OST to transfer funds to the Office of Hearing and Appeals to address probate backlog reductions as part of trust reform efforts.

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- 4. That funds made available to Tribes and Tribal organizations through contracts or grants obligated during fiscal year 2001, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee:**

25 U.S.C. 450(l)(c) authorizes funds obligated for Tribal contracts to remain available until expended.

- 5 That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of the enactment of this Act,...until the affected tribe or individual Indian has been furnished with an accounting of such funds from which the beneficiary can determine whether there has been a loss;**

Interior and Related Agencies Appropriation Act, FY 1991. Annual Appropriations Acts have continued this provision each year since FY 1991.

- 6. That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least eighteen months and has a balance of \$1.00 or less:**

25 U.S.C. 4043(b)(1) authorizes the Special Trustee to oversee all reform efforts within the Bureau (of Indian Affairs)... and to ensure the establishment of policies, procedures, systems and practices to allow the Secretary to discharge his trust responsibilities in compliance with this chapter.

25 U.S.C. 404 (et seq) requires the reform of trust practices to promote the effective discharge of the Secretary's trust responsibilities.

- 7. That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder.**

25 U.S.C. 404 (et seq) requires the reform of trust practices to promote the effective discharge of the Secretary's trust responsibilities.

Summary of Requirements

(dollars in thousands)

Comparison by Activity/Subactivity	1999 Actual		2000 Estimate		Uncontrollable & Related Changes (+/-)		Program Changes (+/-)		2001 Budget Request		Inc (+) Dec (-) from 2000	
	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt	FTE	Amt
Office of the Special Trustee Executive Direction	8	1,623	7	1,663	0	+33	+5	+496	12	2,192	+5	+529
Program Operations, Support and Improvements	304	55,356	339	88,362	0	+547	+15	-8,473	354	80,436	+15	-7,926
Total, Office of the Special Trustee	312	56,979	346	90,025	0	+580	+20	-7,977	366	82,628	+20	-7,397

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Uncontrollable & Related Changes

(dollars in thousands)

Additional cost in 2001 of January Pay Raises

	2000 <u>Estimate</u>	2001 <u>Change</u>
2000 Pay Raise	\$ 21,161	+\$163

	2000 <u>Estimate</u>	2001 <u>Change</u>
2001 Pay Raise	\$21,161	+\$393

The January 2001 pay raise amount above was calculated before the Presidential Policy pay raise amount was available to the Department. The sum of the amounts above for pay raise costs is nearly the same as the correct amount. The amounts above offset the equivalent fiscal year rather than 3.975%, that is, they are 0.05% too high. The amounts above are based on raises of 4.4% and 3.9% respectively for January 2000 and the President's requested 3.7% for January 2001. The Office of Budget will compile the correct amounts for Appropriations Subcommittees and post them on our website (www.doi.gov/budget) soon after the release of the President's budget.

Other Uncontrollable Changes:

	2000 <u>Estimate</u>	2001 <u>Change</u>
Rental payments to GSA	\$1,019	+\$32

The adjustment is for changes in the costs payable to GSA resulting from a net change in rates for office and non-office space.

	2000 <u>Estimate</u>	2001 <u>Change</u>
Department Working Capital Fund Changes	\$78	+\$57

The change reflects expected changes in the charges for Department services and other services through the working capital fund.

	2000 <u>Estimate</u>	2001 <u>Change</u>
One Fewer Pay Day	\$ 21,161	-\$65

This adjustment reflects the fact that there is one fewer pay day in FY 2001 than in FY 2000.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**Activity: Office of the Special Trustee**

(dollars in thousands)

Subactivities		2000 Estimate	Uncontrollable and Related Changes (+/-)	Program Changes (+/-)	2001 Budget Request	Change From 2000 (+/-)
Executive Direction	\$(000) <i>FTE</i>	1,663 7	+33	+496 +5	2,192 12	+529 +5
Program Operations, Support, & Improvements	\$(000) <i>FTE</i>	88,362 339	+547	-8,473 +15	80,436 354	-7,926 +15
Total Requirements	\$(000) <i>FTE</i>	90,025 346	+580	+7,977 +20	82,628 366	-7,397 +20

Objectives:

The mission-related goals of the Office of the Special Trustee encompass the main areas of focus to provide oversight, reform, and coordination of Indian trust management issues. Responsibility for achieving the goals and performance measures outlined in the Annual Performance Plan is shared by several Bureaus and Offices within the Department, including the OST, BIA, MMS, BLM, the Solicitor and the Office of the Secretary -OHA. The mission-related goals are:

1. Indian trust assets are protected and preserved and all income due beneficiaries is collected timely and accurately accounted;
2. Obtain agreement with all Tribal and individual Indian account holders on the balances in their trust accounts in a manner that is fair to both the Indian community and the general public; does not impair or impede reform efforts; and does not result in reductions of Indian programs; and
3. Provide timely and responsive customer service to account holders.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**Justification of Program and Performance****Activity: Office of the Special Trustee****Sub-activity: Executive Direction**

(dollars in thousands)

Program Elements		2000 Estimate	Uncontrollable and Related Changes (+/-)	Program Changes (+/-)	2001 Budget Request	Change From 2000 (+/-)
Immediate Office of the Special Trustee	\$(000) <i>FTE</i>	1,328 7	+33 0	+496 +5	1,857 12	+529 +5
External Boards and Associations	\$(000)	335	0	0	335	0
Total Requirements	\$(000) <i>FTE</i>	1,663 7	+33 0	496 +5	2,192 12	+529 +5

Immediate Office of the Special Trustee**Activity/Subactivity Narrative:**

The Special Trustee is charged with general oversight of Indian trust asset reform efforts Department-wide and with development of a comprehensive strategic plan for all phases of the trust management business cycle that will ensure proper and efficient discharge of the Secretary's trust responsibilities to Indian tribes and individual Indians. The Office of the Special Trustee was created to ensure that the Department of the Interior establishes appropriate policies and procedures, develops necessary systems, and takes affirmative actions to reform the management of Indian trust funds. The mission of the Office of the Special Trustee for American Indians is to provide oversight, reform, and coordination of the policies, procedures, systems and practices used by the various agencies to manage Indian trust assets. The mission of the Office of the Special Trustee for American Indians directly contributes to the Department's goal of meeting its responsibilities to American Indians. In carrying out the management and oversight of the Indian trust funds, the Secretary has a responsibility to ensure that trust accounts are properly maintained, invested, and reported in accordance with the *American Indian Trust Fund Management Reform Act of 1994*, Congressional action, and other applicable laws.

In FY 2000, the Office of the Special Trustee will:

- C Oversee Bureau compliance with the goals and objectives set forth in the High Level Implementation Plan, as revised;

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- C Continue implementation of new systems and appropriate reform efforts in managing Indian trust resources;
- C Monitor systems put in place to protect and preserve Indian trust assets and to collect and accurately account for income;
- C Continue outreach efforts to Tribes, Congress, and Departmental agencies and offices;
- C Hold Advisory Board and Tribal meetings on trust related issues; and
- C Establish and evaluate on-going programs, systems, and costs of the Trust Management Implementation Plan.

Justification of Program Changes:

		2001 Budget Request	Program Changes (+/-)
Total Executive Direction	\$(000) <i>FTE</i>	2,192 12	+496 +5

Relationship to Performance Goals:

Funds provided for the Office of the Special Trustee directly contribute towards the Department's goal of meeting its responsibilities to American Indians.

Significant resources have been provided for trust systems reform in FY 1997 - FY 2000. As these systems become operational, efforts must now turn to sustaining the improvements to trust fund management activities within the Department. FY 2001 activities will focus on needed improvement to operational activities as well as continuing improvement initiatives under HLIP. Development, implementation and oversight of trust reform initiatives is the critical mission goal of the Office of the Special Trustee. In addition, the Special Trustee is responsible for oversight and management of the Office of Trust Funds Management (OTFM) and the Office of Trust Litigation, Support and Records (OTLSR). These responsibilities include a significant outreach effort to Tribes, individual Indians, and Congress on trust fund reform efforts and day-to-day activities of trust fund management and related activities. The Office of the Special Trustee also has responsibilities, as do other organizations within the Department, for legislative, congressional and public information activities. The breadth of these distinct and diverse functions have placed an increasingly difficult burden on the limited staff of the Immediate Office of the Special Trustee.

In order for the Special Trustee to respond to the extensive duties of the office, additional staff is needed, especially as trust reform moves into another phase in FY 2001. Major trust fund systems will be replaced and operational in FY 2001, however, other trust reforms, including operational, policy, risk management, information dissemination and strategic planning for continued activities

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must be addressed. An additional \$496,000 is needed to provide for 5 positions in the GS 11-14 grade range in OST to adequately address these many functions. These additional staff, the first requested since the Office was established in FY 1996, will focus on providing information about trust reform and related activities to interested parties, preparing and distributing reports and studies on additional trust reform, developing legislative revisions to the *American Indian Trust Management Reform Act of 1994*, and providing the Special Trustee with the staff resources necessary to fulfill the various duties of the Trust Reform Act.

Funding will provide approximately \$420,000 for salaries and benefits and \$76,000 for travel, computers, printing and other support costs.

External Boards and Associations

Activity/Sub-activity Narrative: Funding for this program element in FY 2000 provides resources for a cooperative agreement between the InterTribal Monitoring Association (ITMA) and the OST, and the costs of operations for the Office of the Special Trustee's Advisory Board.

Under the cooperative agreement, ITMA represents Tribal views to the Department and the Congress, on reconciliation of past trust funds activity and implementation of trust reform. ITMA is a Tribal membership organization established in 1991 and is governed by a 12 member board of directors. ITMA employs staff and retains consultants with expertise in legal, policy, and accounting issues related to trust fund management. Funds to ITMA (\$250,000) provide for personnel related costs, telephone, office space, other related office operating costs and travel costs of the organization. The ITMA provides the OST with quarterly reports of activities.

The nine member Advisory Board, constituted under provisions of the Reform Act, provides the Special Trustee with advice on all matters within the jurisdiction of the Special Trustee. These funds (\$85,000) support travel, related meeting costs and other associated costs of the Boards activities. The Advisory Board holds approximately four to six meetings each year.

No change in funding is requested in FY 2001 for the Advisory Board or ITMA.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Activity: Office of the Special Trustee
Sub-activity: Program Operations, Support, & Improvements

(dollars in thousands)

Program Elements		2000 Estimate	Uncontrollable and Related Changes (+/-)	Program Changes (+/-)	2001 Budget Request	Change From 2000 (+/-)
Office of Trust Funds Management	\$(000) FTE	15,441 250	+408	+726 +10	16,575 260	+1,134 +10
Office of Trust Litigation Support and Records	\$(000) FTE	5,164 34	+50	-2,745 -6	2,469 28	-2,695 -6
Program Support Services	\$(000)	2,463	+89	+423	2,975	+512
Improvement Initiatives	\$(000) FTE	65,294 55		-6,877 +11	58,417 66	-6,877 +11
Total Requirements	\$(000) FTE	88,362 339	+547	-8,473 +15	80,436 354	-7,926 +15

Office of Trust Funds Management

Activity/Subactivity Narrative: The Office of Trust Funds Management (OTFM) was established in the BIA in 1990 as a result of reports by the General Accounting Office, the Inspector General, and independent accounting firms which cited significant internal control weaknesses including, inadequate staffing, inadequate segregation of duties, and lack of standardized policies, practices, and procedures.

OTFM was established to manage approximately \$3 billion of funds held in trust for Indian Tribes and individuals. Approximately \$2.6 billion of the funds are held in approximately 1,400 Tribal accounts for roughly 315 Tribes. The balance of approximately \$480 million of the funds is held on behalf of individual Indians in over 285,000 accounts and other special trust funds, including the Alaska Native Escrow Fund. Most of these assets are held in trust for Native Americans and are therefore owned by the trust beneficiaries and therefore are not Federal assets.

The responsibilities of OTFM are to:

- C Protect and preserve Indian trust funds and collect and accurately account for income due beneficiaries; and
- C Provide timely and responsive customer service to account holders.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

OTFM provides professional, technical, and managerial leadership of OST's activities, programs, and functions related to and affecting funds held in trust for Indian Tribes and individual Indians. OTFM oversees daily operations and develops, implements, and directs significant activities related to Indian trust asset improvement initiatives, described under the Improvement Initiatives program element. In FY 2000 a major focus is on continued improvements to IIM Accounts, including activities associated with data files clean-up and system implementation - TFAS and TAAMS. Additionally, the *Cobell v Babbitt* litigation continues to place significant demands on OTFM in terms of trial preparation, responses to Plaintiff discovery requests, depositions, and testimony.

The *American Indian Trust Fund Management Reform Act of 1994* provides that the Special Trustee shall advise on and oversee the Secretary's proper discharge of various trust responsibilities. The Special Trustee supports the following trust responsibilities through the OTFM:

- C Provide adequate systems for accounting for and reporting trust fund balances
- C Provide adequate controls over receipts and disbursements
- C Provide periodic, timely reconciliation's to assure the accuracy of accounts
- C Prepare and supply account holders with periodic statements of their account performance and with balances of their account which shall be available on a daily basis
- C Establish consistent, written policies and procedures for trust fund management and accounting
- C Provide adequate staffing, supervision and training for trust fund management and accounting

OTFM consists of the Office of the Director and the following six divisions: Quality Assurance; Trust Funds Systems; Trust Funds Accounting; Trust Funds Services; Reporting/Reconciliation; and Field Operations.

Funding for this program also supports the staff and operating costs of personnel located in 11 regional offices and 50 agency offices. In three of the eleven regions (Juneau, Albuquerque, and Navajo) operations are centralized at the regional office and no personnel are located at agency offices. The remaining areas have staff at both the regional and agency levels. Field Operations are centrally managed through the Division of Field Operations in Shawnee, Oklahoma, which also handles Eastern Region accounts. Upon conversion to the Trust Funds Accounting System (TFAS), agency staff will devote their time primarily to customer services. Account encoding for converted areas is centralized at the headquarters level. Centralization of encoding addresses reportable conditions and material weaknesses cited in OTFM independent audits. At the regional and agency locations, where OST and BIA are co-located, joint operating costs for such items as FTS, utilities, space, and some other general office operating costs are provided by the BIA.

Also funded in this program are Self Governance compact costs and contract support. Prior to the establishment of the OST and the transfer of OTFM from the BIA to the OST, the BIA addressed the Self Governance requirements of trust fund management programs. In FY 1996, one Tribe

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entered into a Self Governance agreement for IIM services which was implemented by the BIA. In FY 1997 the OST entered into an agreement with an additional two Tribes for IIM services. Similar to other non-BIA Bureaus, OST must be prepared to provide contract support for compacts and contracts, as well as other support and assistance to Tribes seeking to compact or contract for services.

The following is the estimated OST Self Governance compact cost for IIM Services for FY 2000:

Tribe	Compact Amount	Contract Support Estimate	Total Compact Cost
Confederated Salish & Kootenai (Flathead)	\$51,612	\$7,226	\$58,838
Wyandotte Tribe of Oklahoma	4,303	1,532	5,835
Total Paid By OST	55,915	8,758	64,673

Note: Estimates included above do not reflect impact of any negotiation on pay costs increases.

In addition, the BIA has a compact with the Cherokee Nation of Oklahoma which includes IIM Services, which was entered into prior to the transfer of OST functions from BIA and as such is included in the BIA Self Governance base funding.

Additionally, the *Cobell v Babbitt* litigation continues to place significant demands on OTFM in terms of trial preparation, responses to Plaintiff discovery requests, depositions, and testimony.

By March 31, 2000, OTFM will have completed the conversion of all locations to the TFAS. Any systems review and adjustments needed will be completed by the end of May 2000. In 2000, OTFM efforts will also be concentrated on coordinating TFAS and TAAMS implementation, continuing other improvement initiatives such as imaging and document clean-up and continuing the development and refinement of policies and procedures for trust fund management and accounting.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**Justification of Program Changes:**

		2001 Budget Request	Program Changes (+/-)
Office of Trust Funds Management	\$(000)	16,575	+726
	FTE	250	+10

Relationship to Performance Goals:

OTFM activity principally supports the Departmental goal to protect and preserve Indian trust assets, collect and accurately account for income due beneficiaries, and provide timely and responsive customer service to account holders. OTFM resources support the long term goals to prepare 99 percent of trust fund reports to account holders accurately and timely by September 2004.

OTFM manages approximately \$75 billion in cash flow each year as part of the trust fund operations. Staffing and resources to adequately provide for operational activities in the OTFM is critical to sustaining trust improvements. While overall staff levels have not substantively changed in the past years, the duties, responsibilities and recognition of the appropriate skill level of staff needed to manage trust funds has been noted. The number of and grade levels of accounting and related positions must be appropriately funded in order to improve and maintain adequate management of the resources held in trust. A number of positions must be upgraded from technician to professional levels, and professional levels must be competitive with the private sector in order to provide trust management services at a standard envisioned in the *American Indian Trust Fund Management Reform Act of 1994*. In addition, the costs for technical financial services provided by contractors has and will continue to increase. These services include but are not limited to: audit reporting, securities handling and protection, investment information and financial reporting services. For FY 2001, an additional \$726,000 is needed to upgrade and expand personnel and support services. Of this amount, \$476,000 will be for increased costs of salaries for accounting and related staff, travel to tribal locations, communications and related operational costs of approximately 260 FTE's, an increase of 10 FTE's from FY 2000. Costs of contracts for investment related services, audit work and other technical financial services will increase by \$250,000.

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Activity: Office of the Special Trustee
Sub-activity: Program Operations, Support & Improvement
Element: Office of Trust Litigation Support and Records

(dollars in thousands)

		2000 Estimate	Uncontrollable and Related Changes (+/-)	Program Changes (+/-)	2001 Budget Request	Change From 2000 (+/-)
Office of Trust Litigation Support and Records	\$(000) <i>FTE</i>	5,164 36	+50	-2,745 -6	2,469 28	-2,695 -6

Activity/Subactivity Narrative:

Secretarial Order No. 3208, dated January 5, 1999, created the Office of Trust Litigation Support and Records (OTLSR) in OST. OTLSR develops and implement policies, programs, systems, and services to support the Department of the Interior's (DOI) Indian trust litigation and settlement effort; and the Indian records management programs for related bureaus, Indian Tribes, and individual Indians. Specific responsibilities include accounting, reconciliation, research, settlement, and litigation support related to the management of Indian trust assets, including document production and records management. The office is specifically responsible for the BIA and OST records management program. Current direction and guidelines are stated within the Trust Management Improvement Project HLIP and improvements to the records management program must be developed and implemented in concert with the OTFM, BIA, Office of Indian Education Programs (OIEP), Minerals Management Services (MMS), Bureau of Land Management (BLM), and the OHA, under the legal guidance of the Office of the Solicitor.

A professional records manager with extensive Government-wide experience directs the office, which is charged with specific responsibilities to concentrate on the monumental and immediate effort required to meet litigation demands and affect long-term reform to the management of Indian records, as well as the Records Management project of the TMIP. Funds in this sub-activity support the Office of the Director, operations of records centers and staff to provide settlement and litigation support activities. Funding for the Records Management project is reflected under the Improvements Initiative - TMIP - Records Management section of the budget.

Trust records management and litigation support continue to be areas of significant importance to the Department and have necessitated a substantial commitment of resources by the OST, BIA and Office of the Solicitor. Improving the Department's responsiveness to the Court and strengthening the bonds of cooperation in solving records issues with the BIA and Department of Justice are key issues to be addressed by OST. OST and BIA will take all precautions so that document production

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in response to *Cobell v. Babbitt* does not further diminish the Indian trust record, and that original documents are not permanently removed from the files.

A goal of OST is to obtain agreement with all Tribal and individual Indian account holders on the balances in their trust accounts in a manner that is fair to both the Indian community and the general public; does not impair or impede reform efforts; and does not result in a reduction in services to Indians

While the past reconciliation reports on tribal accounts have been distributed and follow-up and miscellaneous clean-up actions are still being performed, analysis and interpretation of the data continues as requested by tribes. A major focus for this program activity is to facilitate and support settlement and litigation efforts for both IIM and Tribal accounts. The Department has been working on a proposed legislative settlement for resolving disputed balances in Tribal trust accounts. In addition, extensive efforts to search and produce documents has been undertaken to support the *Cobell v. Babbitt* litigation.

On February 22, 1999, the Court found Secretaries Babbitt and Rubin and Assistant Secretary Gover in contempt of Court with regard to compliance with certain document discovery orders. Six months after the contempt finding, an agreement was reached with the Court on the number of predecessors-in-interest (31, for a total of 36 including the named Plaintiffs). The Department estimates that it will complete the search and production of these documents by December 2000. OST will complete its search and production by approximately June 30, 2000.

The most significant document search and production effort to date is complying with Court-ordered production of documents for the five-named Plaintiffs and their predecessors in interest. As of December 1999, about \$6 million had been expended Department wide to locate and produce about 17,000 pages of documents. OST has expended approximately \$4.5 million and has recovered over 25,000 additional documents which have not yet been released, as they have not completed the inventory and imaging process. OST activities in this regard include:

- C Conducted two pilot projects related to document search activities to identify and refine procedures.
- C Constructed and opened a 17,000 square foot Record Center in Albuquerque, NM which include a 7,600 square foot document search area.
- C Transferred approximately 25,000,000 pages of financial trust documents from OTFM field offices to OST Record Centers in Albuquerque, NM.
- C Withdrew 2,800 boxes of financial trust records from various FRC's.
- C Developed inventory databases for the approximately 25,000 boxes in the Albuquerque, NM Record Centers.
- C Developed document production procedures.

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- C Contracted for a Quality Control vender to review the inventory database and implement Quality Control procedures to assure accurate document search activities.
- C Contracted for a document search vender to search financial trust records in accordance with Court approved procedures.
- C Developed and implemented document scanning procedures.

Funding to support these litigation requirements is provided in part, through FY 1998 and FY 1999 supplemental appropriations. Of the \$20.7 million appropriated, \$13.6 million has been allocated as of February 2000 to support known litigation costs. The remaining \$7.1 million will support Trial 2 costs ("correcting the accounts"), which are highly uncertain.

Current activities involve producing documents pursuant to a court order related to the five-named plaintiffs and their predecessors in interest. This effort requires the researching of financial records in multiple locations among a universe of more than 16 million pages, correlating the individual documents with specific transactions; and scanning and indexing the documents, made more difficult, due to inconsistent record keeping practices and fractionation of Indian lands. Because there are differences among the documents used by, relied on, and maintained by the various BIA locations, the effort to trace the flow of money may differ between accounts maintained at the various locations. Compounding the challenge is that interests in parcels of land are fractionated. This means that a payment on a lease may be divided among hundreds of individuals thus making it difficult to search for documents for any one individual.

Justification of Program Changes:

(dollars in thousands)

	2001 Budget Request	Program Change (+/-)
Office of Trust Litigation Support & Records	2,469	-2,745

Relationship to Performance Goals:

Funds for the OTLSR activity are used in support of the Departmental goal to protect and preserve Indian trust assets, collect and accurately account for income due beneficiaries, and provide timely and responsive customer service to account holders.

In FY 2000, \$2.6 million was provided to support the estimated expenses to begin Tribal Settlement activities, contingent upon enactment of legislation. While this legislation has not yet been enacted, the Department is continuing to work with Congress to have a legislative settlement enacted. These funds will be held in reserve pending the final enactment and determination of the resources need to implement the legislation. Consequently, the FY 2001 appropriations can be reduced by this amount. The realignment of the office as envisioned by Secretarial Order #3028, creating the Office

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of Trust Litigation Support & Records is now completed. As a result, there is a net \$145,000 costs savings estimated for FY 2001. This reduction will come mainly from a decrease in temporary employment and related costs for document production and litigation research efforts. Additional costs of records management and records storage costs are reflected under the Records Management Project in the Improvements Initiative section.

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Activity: Office of the Special Trustee
Sub-activity: Program Operations, Support & Improvement
Element: Program Support Services

(dollars in thousands)

		2000 Estimate	Uncontrollable and Related Changes (+/-)	Program Changes (+/-)	2001 Budget Request	Change From 2000 (+/-)
Program Support Services	\$(000)	2,463	+89	+423	2,975	+512

Activity/Subactivity Narrative:

Program Support Services provides funding for the various services OST receives under contract agreements for a variety of administrative services primarily through MOU's with other agencies. Administrative accounting and contracting functions are provided by the Office of the Secretary, National Business Center; human resources functions are provided by the Mineral Management Service and Equal Opportunity Services are provided by the Office of the Secretary. Other general administrative functions are performed by staff of OST. This program also funds GSA space, FTS, and other general administrative support costs.

Justification of Program Changes:

(dollars in thousands)

	2001 Budget Request	Program Change (+/-)
Program Support Services	2,975	+423

Significant program expansion in FY 2000 required hiring of additional temporary staff, negotiating and awarding numerous contracts and significant changes in financial accounting reporting. Most of these projects will continue in FY 2001 with an additional \$423,000 requested to expand various administrative services provided by contract with other agencies and additional space costs to house programs. Significant growth in the OST programs and related trust improvements will impact service agreements in procurement, personnel and finance related activities and have resulted in additional costs for these services. In addition, the various TMIP projects being implemented by OST will require both additional temporary staff and contract resources. Procurement and personnel services as well as finance and accounting services support for TMIP are expected to increase as additional requirements are being met and increased levels of service are being provided. Estimated costs of these services are provided in the following table:

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Services	FY 2000 Estimate	FY 2001 Estimate	Change	Service Provider
Accounting Services	381,000	419,000	+38,000	National Business Center
Personnel Services	303,000	333,000	+30,000	Minerals Management Service
Equal Opportunity Services	0	31,000	+31,000	Office of the Secretary
Acquisition Services	300,000	330,000	+30,000	National Business Center
GSA Rental	1,019,000	1,306,500	+265,500	GSA
FTS 2000/ 2001	135,000	135,000	0	GSA
Working Capital Fund	116,000	211,500	+28,500	DOI
Unemployment Comp.	209,000	209,000	0	DOL
TOTAL	2,463,000	2,975,000	+423,000	

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Activity: Office of the Special Trustee
Sub-activity: Program Operations, Support & Improvement
Element: Improvement Initiatives

(dollars in thousands)

		2000 Estimate	Uncontrollable and Related Changes (+/-)	Program Changes (+/-)	2001 Budget Request	Change From 2000 (+/-)
Improvement Initiatives	\$(000)	65,294	0	-6,877	58,417	-6,877
	<i>FTE</i>	55	0	+11	66	+11

Overview:

This program supports the BIA strategic goal to fulfill the trust responsibility to protect and preserve trust lands and trust resources. It also supports the Office of the Special Trustee's strategic goal to protect and preserve Indian trust assets and collect and accurately account for income due beneficiaries. Finally, it supports the Department's goal of meeting its responsibilities to American Indians. It is part of a Departmental initiative to address a variety of trust issues, and one of the Federal Government's 20 top management initiatives.

In FY 2000, Congress provided the \$65.3 million that was requested for Trust Systems Improvements. These funds will be used to acquire or upgrade, and operate trust management and accounting systems, clean-up account data, and reduce backlogs in trust asset processing functions. The Trust Funds Accounting System (TFAS), suitable for both Tribal and IIM accounts, will be operational in all Regional Office locations by May 2000. The Department also expects to begin rollout, after successful piloting in Billings, of a standardized, commercial off-the-shelf land management system technology, Trust Asset and Accounting Management System (TAAMS), which is expected to replace the aging BIA trust asset management and land records systems. Data Clean-up activities in both OST and BIA will continue in support of the new systems. Probate backlogs will be addressed through implementation of improvements as a result of the probate re-invention efforts and funding to address backlogs in both BIA and OHA. Records management issues will be addressed as a result of additional funding and the implementation of the improvements included in the May 1999 records management agreement by the Department. Additional staff will be trained in a variety of trust management, office operations, basic computer operations, systems and other areas to improve the quality of services provided by trust activities in OST, BIA and OHA. Efforts will also commence to address policies and procedures. The revised HLIP will update project status, clarify project definitions and milestones and provide additional information on project scope.

Justification of Program Changes:

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(dollars in thousands)

	2001 Budget Request	Program Change (+/-)
Improvement Initiatives	58,417	-6,877

TRUST MANAGEMENT IMPROVEMENT PROJECTOverview:

For FY 2001, \$58.4 million is requested to implement 11 sub-projects included in the Trust Management Improvement Project (TMIP). Funding for BIA and OHA components of TMIP are requested under the OST Budget. Early in the Trust Asset and Accounting Management System (TAAMS) acquisition process, BIA management decided that the components of the Land Records Information System (LRIS), the official title system, should not be modernized as a separate system but rather should be integrated into the TAAMS effort. Integration took place and the decision was made to fold LRIS into the TAAMS subproject. In a similar fashion, in 1999 it was determined that the BIA probate effort and the Office of Hearings and Appeals (OHA) probate effort should not be kept separate since the two programs were so closely intertwined. Those subprojects have been combined into a single effort. Therefore, the budget now covers the following 11 subprojects which are reflected in the revised HLIP:

OST Trust Administrative Records Cleanup. In this subproject, OST is standardizing and verifying IIM system data for trust financial records, and correcting and establishing an inventory of hard copy records for each trust fund account.

BIA Trust Resource Records Cleanup. BIA trust records will be cleaned up to ensure accurate land title and resource management information. This will be coordinated with the eventual deployment of TAAMS at each implementation site.

“Data Cleanup” Defined. The Data Cleanup subprojects within OST and BIA are aimed at ensuring that data housed in existing or new systems are accurate and complete, and aimed at eliminating transaction processing backlogs to ensure records are up-to-date--particularly land ownership information and records. Therefore, references to “data cleanup” in this report should be viewed broadly, as including both data purification (correction), and data updates (data and information transaction processing).

Probate Backlog. Under this subproject, BIA and OHA will inventory, identify and develop action plans and procedures to eliminate the probate backlog. BIA and OHA will also implement reinvention lab recommendations to streamline and improve the entire probate process.

BIA Appraisal Program. This sub project includes an assessment of the present BIA appraisal program, policies and procedures, reviews of staff qualifications, determination of the adherence to uniform Standards of Professional Appraisal Practices, and development of corrective action plans, as appropriate.

Trust Funds Accounting System (TFAS). Using a service bureau approach, the Office of Trust Funds Management acquired, installed and site- tested a proven commercial off-the-shelf trust accounting system to replace the present BIA IIM accounting module.

Trust Asset and Accounting Management System (TAAMS). The BIA has evaluated, acquired, and is piloting proven commercial off-the-shelf land management system technology. The BIA is modifying this system to reflect the unique aspects of Indian trust requirements for the system including master lease, billings and accounts receivable, and collection subsystems. Following successful testing and piloting, the TAAMS system will proceed to full implementation across BIA, replacing the present BIA Integrated Records Management System (IRMS). In addition, the Land Record Information System (LRIS) function has been incorporated into TAAMS.

MMS System Reengineering. The purpose of this subproject is to design, develop and implement new core business processes for the MMS's Royalty Management functions and supporting systems. Improvements will address the HLIP objectives of accurate accounting, timely reporting and transactions, and appropriate management of resources on Trust lands.

Records Management. Under this subproject, a joint Records Management solution for Interior trust records involving OST, BIA, MMS, BLM, OHA and other relevant DOI offices has been developed and is being implemented. The scope includes Indian trust records management, storage, access, control and disposition, and contemplates electronic record keeping, including imaging technology.

Policies and Procedures. DOI trust policies and procedures will be inventoried, reviewed and, where appropriate, revised or established for the purpose of improving the management, accounting, investment, auditing and reporting of Indian trust assets.

Training. The Training subproject will plan and deliver both trust management and employee skills training relevant to delivery of Interior's trust fiduciary responsibilities to American Indians. Training will be provided across the Interior trust workforce and will include Tribes and participating contractors.

Internal Controls. This subproject will systematically address documented internal control deficiencies in Indian trust management, item by item, that have been identified through internal and external audit, Congressional oversight and outside reviews. Corrective actions will be validated and/or designed to assure resolution of all internal control weaknesses. Further, a permanent trust

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risk management office is being established to conduct continuing revisions of trust operations across DOI to ensure performance of Indian trust management responsibilities.

Oversight monitoring and accountability is provided internally through the Secretary's Trust Management Improvements Steering Committee, the Special Trustee for American Indians, and the Assistant Secretary - Policy, Management and Budget, and externally from the OMB and cognizant Congressional committees. In addition, the District Court has retained jurisdiction for 5 years to oversee the implementation of the Department's trust reforms.

Each of the 11 subprojects may be modified during implementation to reflect changed and/or unanticipated circumstances, including, for example, the availability of funding and personnel provided by the Congress.

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The sub-projects and funding estimates are as follows:

(dollars in thousands)

TMIP PROJECTS	FY 2000 Budget Authority	FY 2001 Budget Authority	Change +/-
OST Data Cleanup	1,500	1,500	0
BIA Data Cleanup and Management	8,910	8,862	-48
Probate Backlog	9,600	6,000	-3,600
BIA Appraisal Program	500	0	-500
Trust Funds Accounting System	14,935	14,205	-730
Trust Asset and Accounting Management System	15,370	12,900	-2,470
Records Management	7,400	8,000	+600
Policy and Procedures	500	1,000	+500
Training	5,000	3,000	-200
Internal Controls/Project Implementation	1,579	2,950	+1,371
TOTAL	65,294	58,417	-6,877

Note: Minerals Management Service (MMS) project funding included in MMS Budget. Project funding noted above includes only new budget authority and does not reflect unobligated balances which are available to projects.

The table below provides a cross-reference to names used in previous budget justifications with current BIA office titles.

Current Office Title	Former Title	Current Office Title	Former Title
Alaska Region	Juneau Area	Northwest Region	Portland Area
Eastern Region	Eastern Area	Pacific Region	Sacramento Area
Eastern Oklahoma Region	Muskogee Area	Rocky Mountain Region	Billings Area
Great Plains Region	Aberdeen Area	Southern Plains Region	Anadarko Area
Midwest Region	Minneapolis Area	Southwest Region	Albuquerque Area
Navajo Region	Navajo Area	Western Region	Phoenix Area

OST TRUST ADMINISTRATIVE RECORDS CLEANUP

Overview:

In this subproject, OST is standardizing and verifying IIM system data for trust administrative records, and recommending corrections and establishing an inventory of hard copy records used daily for each trust fund account. These tasks often involve the BIA in policy decisions, review and implementation. A critical aspect of the trust fund reform effort is the Cleanup of IIM data in the system, along with compiling accountable IIM jacket folders. The project to Cleanup the IIM database is designed to standardize and verify the data housed in the current IIM system.

Additionally, the project provides an inventory of the hard copy records, determines its condition and recommends any corrective actions. A quality review team checks and verifies the corrective actions. The desired results are that:

- C Every Region/Agency/Tribe will use a standard set of codes to open and maintain accounts in the Trust Funds Accounting System (TFAS);
- C Every Region/Agency/Tribe will obtain the most complete and accurate information possible for each account holder and this information will be reflected properly in the TFAS.
- C Every IIM account will have a jacket folder with documentation regarding the management of that individual account.

Three Tribes have registered objections to removal of the active IIM jacket folders to Albuquerque for cleanup by Data Com Sciences, Inc., and storage in the OST records centers. Tribal leadership cites previous problems when valuable files were removed from the Agency. The three Tribes are the, Pine Ridge Agency (Oglala Sioux Tribe), Standing Rock Agency (Standing Rock Sioux Tribe), and Umatilla Agency (Confederated Tribes of the Umatilla Indian Reservation). A fourth agency, Red Lake (Red lake Band of Chippewa Indians of Minnesota), retains trust financial records but not IIM jacket folders. Attempts to date to reach a suitable, mutually agreeable solution that meets the operational needs of both the Tribes and the Department have not been successful. Discussions have taken place, but as yet, no resolution has occurred. With the exception of the three Tribal agencies, all data clean up of data files in phase I was completed by the contractor by September 1999.

Clean-up activities have, as expected, identified a significant number of items that will require additional effort to address under phase II. These include locating missing vital statistics data, closing improper accounts, locating whereabouts unknown beneficiaries, reviewing, encoding management code changes, and assisting in documenting corrective actions on duplicate accounts identified in conversion efforts. Significant additional work must also be undertaken by OST and BIA to address about 18,000 Special Deposit accounts. During FY 2000 OST clean-up staff will also continue the processing of recommendations made by the contractor as output from the clean-

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up project. The contractor provides additional assistance in the conversion from IIM to TFAS systems, notably in the massive effort to clean up duplicate accounts in the large Great Plains and Northwest Regions conversions.

In addition to the approximately 275,000 accounts that completed the clean up process, examples of other cleanup activity include:

- C Reducing the number of Special Deposit accounts from 23,900 accounts of \$142 million as of 9/30/96 to 18,900 accounts of \$70 million as of 12/31/99.
- C Locating over 16,000 "Whereabouts Unknown accounts" since December 1996. However, the number of these accounts has increased over the same period. This is due to the high mobility of the account holder population. Clean-up process have also resulted in the identification of incorrect addresses. Additional efforts to develop processes to attempt to identify approximately 61,000 accounts is planned in FY 2000.
- C Eliminating approximately 11,500 duplicate accounts as part of the conversion process to TFAS. Approximately 4,000-5,000 additional duplicate accounts will be addresses in the conversion of the remaining Regional Offices in FY 2000.
- C Reducing the number of accounts with inaccurate or no social security number from 123,000 as of 9/30/96 to 90,000 as of 12/31/99.
- C Developing a plan to address the practicality and priority of searching for missing documents in file jackets.

These efforts will continue in FY 2000. Approximately \$2.1 million is expected to be obligated for these activities in FY 2000.

Justification of Program Change:

In FY 2001, \$1.5 million is needed for continued BIA and OST data clean up related to IIM accounts. A small IIM reform staff and a contractor will play an integral part in the continued search effort for missing mandatory documents, special deposit clean-up and location of Whereabouts Unknown account holders. Following the completion of clean-up phase I, the IIM Reform staff and the contractor created a procedure for the continued search effort for missing mandatory documents, special deposit clean-up and location of whereabouts unknown account holders. The OST staff works with the contractors staff and is responsible for the monitoring of contract efforts related to the whereabouts unknown and missing document portions of the project.

As was expected, additional clean up efforts will continue or have to be initiated to further refine the trust fund account database, both before and after conversion to the new Trust Funds Accounting

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System. This will be an on-going effort for OTFM and BIA for an indeterminate time into the future.

These and other activities that are planned to be initiated in FY 2000 will require continuation into FY 2001.

The trust administrative records cleanup did not resolve all deficiencies nor effect a 100 percent cleanup of OST financial trust documents. In some cases documentation is absent or missing from active files or local procedures have created special cleanup actions unique to a particular Region or Agency. In other cases, management codes need to be reevaluated for many IIM accounts, the use of Special Deposit accounts must be reconciled with regulation and law, and existing accounts cleaned up in coordination with BIA. This task includes examples of known post- conversion Data Cleanup actions that have been identified as needing corrective action after the Region has converted to the TFAS system. Under Task 4 of the OST Data Cleanup contract, the OST Data Cleanup contractor, Data Com Sciences, Inc. is assisting with pre-and post conversion cleanup matters.

Cleanup work includes items such as identifying and modifying name and address records for those with two or more names and address records; clarification of accounts using maiden names, correction of coding contradictions including invalid dates or sort characters. These pre-and-post-cleanup activities will likely be performed by a combination of contractors and Interior staff. Examples of continuing cleanup efforts that will be undertaken follow:

Locate Missing Documents. An aid to locating missing mandatory documents in IIM jacket folders is being evaluated. The approach uses a document inventory database to produce a specific list of missing documents required to complete the jacket folders. This information is being provided to agencies as a resource to aid in accumulating the necessary documents. Missing mandatory documentation occurs in the following categories: Tribal Enrollment; Social Security Card; Birth Certificates; Account Hold; Court Orders on Account holder*s behalf; Official and unofficial death notices; Orders prohibiting distribution of funds; Orders determining heirs; IIM account establishment forms; Change orders; and Disbursement authorizations.

For example, approximately 168,000 IIM jacket folders have missing mandatory documents. Efforts to locate these documents to date have proven expensive and time consuming. OST and Data Com Sciences, Inc. are investigating the use of account stratification to focus this effort on the more critical and high value accounts. For instance, less than 600 flow-through accounts cycled more than \$5,000 during a 12-month period. These accounts have been established as a priority for locating missing documents. Another 1,800 flow-through accounts cycled between \$1,000 and \$4,999 during a 12-month period. These are being addressed as the next priority. Based on a review and decision on the practicality of obtaining documentation from account holders for lower-value accounts further action may be necessary. For accounts other than flow-through accounts,

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centralized accounting requires all documentation to be obtained prior to processing and disbursement.

Revise Management Coding. Post-cleanup includes Change Orders generated in the IIM Clean-Up Process. The Change Orders fall into three major categories: 11 Tribal Code Changes; 1,872 Alpha Code Changes; 89,266 Management Code Changes; a total of 91,149 recommended changes to the IIM master record. Based on an OST and BIA a plan to deal with revising management coding by September 2000 activity will be ongoing in FY 2001.

Whereabouts Unknown. Maintaining current addresses has been a longstanding problem as the number of missing account holders grows every year, many of which are attributable to fractionation. As of January 2000, there are approximately 61,000 Whereabouts Unknown accounts. Ironically, the number of bad addresses has grown as a result of reform initiatives that are increasing the amount of correspondence generated to the highly mobile account holder population.

OST and Data Com are seeking an effective and efficient method of locating “whereabouts unknown” account holders. To date, OST has relied on correspondence, attendance at Indian gatherings, postings at Tribal headquarters, publishing lists in newspapers and on the OST web-site to make contact with account holders with incorrect addresses. The use of a computer file search on-site at Indian gatherings has met with some success. In a recent initiative, OST has generated “whereabouts unknown” computer name listings coupled with the individual’s social security number, and processed this information through a commercial credit bureau. At a cost of \$1 per inquiry, OST has experienced a “hit” factor of upwards of 75 percent. Similar processing has been conducted with the Indian Health Service, also with some success.

OTFM and Data Com are researching procedures to improve the chance of finding valid addresses soon after a document is returned as undeliverable. By working new undeliverable mail, it is thought that the number of Whereabouts Unknown accounts will not increase substantially. Alternative approaches to dealing with Whereabouts Unknown, which will be a continuing problem, include new policies or legislation to provide authority to address this situation. Based on a re-evaluation and decision on the cost-effectiveness of present approaches scheduled for September 2000, activity could be ongoing in FY 2001.

Special Deposits Accounts. Numerous OIG findings have cited the significant misuse of special deposit accounts for purposes other than those established in 25 CFR 114.2 as temporary “suspense” accounts. Over the years, the number of special deposit accounts which have been opened and remained inactive over 18 months has proliferated. Approximately 200 new accounts open each month generating increased administrative and TFAS costs. The BIA, Office of the Solicitor, and OST will jointly: a) establish a policy to address current deficiencies and problems; b) define which accounts are appropriately categorized as trust fund accounts; and c) begin a new process of

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handling collections. The Office of the Solicitor is to address issues regarding special deposit cases which have been referred for legal review and determinations. An implementation plan will be developed by September 2000 for “cleanup” procedures based on a Region-by-Region assessment with activity ongoing in FY 2001.

Resolve Accounting Discrepancies. As part of the Department’s efforts to address past management of Indian trust accounts, the Department proposed legislation in 1998 aimed at eliminating historic variances between and among the Department and Treasury’s accounting records. The proposed legislation required research efforts to determine the cause of the variances, and appropriated funding to clear the discrepancies in the event the cost of research would exceed the cost of clearing the discrepancies. Congress did not enact the legislation. While this initiative is largely related to rectifying the past, it is also an integral part of the Department’s reform efforts because these variances impact the day-to-day management of Indian trust funds. (e.g. complex interest distribution)

Prospective Efforts. The prospective aspect of resolving accounting discrepancies chiefly involves securing funding necessary to eliminate any continuing impact on account beneficiaries. A \$6.7 million estimate (mandatory budget authority) is included in the 2001 President’s Budget to increase the IIM investment pool to the aggregate total of the positive balances in the underlying IIM accounts. The Administration had proposed a similar appropriation in its April 1998 tribal trust fund settlement legislative proposal which was not enacted by Congress.

Retrospective Efforts. The retrospective aspect of resolving accounting discrepancies involves determining the historic impact of these accounting discrepancies on account beneficiaries and rectifying specific variances (for example, true overdrafts in trust accounts).

In April 1999, the Office of Trust Funds Management completed an inventory of known accounting discrepancies that includes descriptions of the research efforts performed to date. A briefing was held in May 1999 for Department, OST, Solicitor, Inspector General, OMB and Treasury staff to describe the major accounting discrepancies: IIM fund balance with Treasury; IIM subsidiary ledger with fund balance; tribal trust fund balances with Treasury; and budget clearing accounts. During the summer, OTFM provided further briefings for Treasury staff to determine alternative solutions for rectifying the variances between Treasury and fund balance accounts. In October 1999, Treasury proposed that OTFM either conduct further reconciliations or seek an appropriation to bring OTFM’s fund balances into agreement with Treasury’s, an approach similar to the Department’s 1998 legislative proposal.

Resolution of Indian trust accounting discrepancies is complex, and involves multiple offices within and outside the Department, including Congress. Potential interest impacts are particularly difficult to resolve due to lack of clarity regarding the obligation to pay interest on IIM accounts, and complex distributions challenges attributable to limited automated historical data and variability of

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account holder composition over time. In order to determine the precise impact on account beneficiaries, substantial reconciliation efforts may be required.

The immediate Office of Special Trustee is securing additional expertise to coordinate the resolution of these account variances, including determining the need for additional reconciliation in a manner consistent with the Department's trust responsibilities.

BIA TRUST RESOURCE RECORDS CLEANUP

Overview:

The BIA is implementing a new Trust Asset and Accounting Management System (TAAMS) throughout all Regions, Agencies, and participating Tribal Offices. TAAMS will replace the current legacy systems that are used to support the land title and resource management functions performed by BIA. The legacy systems do not adequately satisfy BIA's needs. Most use old technology that does not facilitate data integrity. The reliance on multiple automated systems requires duplicate data entry and increases the potential for inconsistencies with the information contained in each system.

The data found in the legacy systems varies considerably in terms of quality, completeness and timeliness. Some offices use the systems regularly, others use them rarely, and still others have redefined the legacy system to fit their own needs. Finally, some offices have created their own systems in place of the legacy systems. For example, due to the legal requirements to maintain hard copies of certain land related documents, both the Land Title and Records Office (LTRO) and Agencies maintain voluminous manual files and folders, and in numerous cases have developed local automated and manual applications supplanting IRMS.

The legacy systems discussed above include the Land Records Information System (LRIS), the Integrated Records Management System (IRMS) for ownership and lease functions, and the Royalty Distribution and Reporting System (RDRS) for oil and gas leases.

Migrating Data to a New System

As part of the implementation process, data from the legacy systems must be migrated to TAAMS. Data in this context includes individual pieces of system-housed data as well as data included in documents affecting the title and encumbrances on title for individual Indian and Tribal lands held in Trust by the United States. The data is used in the following BIA functional areas:

- C Land Titles and Records
- C Realty
 - Surface Leasing/Range Permits
 - Sub-Surface Leasing

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TITLE RECORDS	
Decade	Number of Documents
1800	10
1860	8
1870	35
1880	14
1890	218
1900	10,725
1910	25,167
1920	34,414
1930	11,443
1940	9,448
1950	12,868
1960	16,747
1970	30,247
1980	38,560
1990	<u>31,044</u>

Rights of Way/Other encumbrances

Acquisitions and Disposals

C Forestry

C Appraisals

Need for Data Cleanup

The scope of the BIA Data Cleanup effort is extensive. At present, the BIA is managing an estimated 170,000 tracts of land encompassing:

C 56,000,000 acres

C 350,000 Indian owners

C 2,000,000 owner interests

C 100,000 active leases

A multitude of documents that generate changes to the ownership status of the land are affected by Data Cleanup including those pertaining to contracts, encumbrances, probate orders, timber sales, etc. These documents are stored as BIA physical records or in legacy systems or both. For example, a frequency distribution prepared from

the Billings LRIS history file produced the following results: The table on the following page totals 220,948 records related to title only and does not include records pertaining to contracts and leases.

The BIA Data Cleanup effort is focused on land title and resource management information maintained by the bureau in automated systems, microfilm/ microfiche and physical hardcopy files/folders.

Those files and folders associated with current leases are generally well organized and indexed, and contain adequate associated information on titles or leases. However, historical lease information is known to be in inconsistent states of completeness and availability. Preliminary assessment indicates the files/folders are currently organized in a manner that will support the Data Cleanup effort and do not generally need a preprocessing exercise to organize the data.

The data maintained electronically in support of land title and resource management requires cleanup and reconciliation across systems. Incorrect or inconsistent data is the result of, among other things, a) multiple manual entries of the same information into the automated system, b) the tendency to use the same information inconsistently or unsystematically across automated systems and functions, and c) the use of different automated systems for the land resource management function. Specific issues associated with incorrect or inconsistent information in the automated and manual files are being assessed as the Data Cleanup activities are initiated at a specific geographic location.

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Additionally, many BIA offices experience backlogs in the entry of probate information, as well as information from other documents. Data Cleanup will address extensive data entry backlogs where they exist and reduce the workloads to a level where the local BIA office is able to assume its normal processing responsibilities.

The ultimate goal of Data Cleanup and Management is to ensure correct and updated data such that Indian trust records are accurate, meet management and operational standards, and establish permanent data integrity at all BIA levels.

The proper administration of BIA's data consists of two major functions: 1) the cleanup of existing data in BIA's automated systems, as well as initial entry of data not previously automated into an electronic format and 2) the continuous, comprehensive management and care of data after the initial Data Cleanup is accomplished.

The BIA Data Cleanup subproject will:

- C Identify missing documents/data and enter the pertinent data into the appropriate systems;
- C Insure that data in existing legacy systems are consistent prior to migration to the new system;
- C Perform manual research and data entry at sites;
- C Verify/reconcile current and historical data;
- C Prepare data for conversion to new TAAMS which includes LRIS capabilities;
- C Establish effective data administration policies and procedures;
- C Coordinate the BIA cleanup effort with the other cleanup efforts (e.g., OST, OHA);
- C Provide clean land records and title data in time for the initial implementation of the TAAMS system pilot and full deployment to BIA Regions;
- C Minimize impact to on-going land management activities at the LTRO's, Agencies, and Tribes;
- C Maximize contractor support to ensure that current daily operations are not adversely impacted and service remains responsive and the records updated as appropriate.

Based on the results of the data/record analysis task, BIA developed an overall strategy for performing Data Cleanup. This strategy addresses how Data Cleanup will be performed, what data/records are cleaned up during the TAAMS pre-deployment and post-deployment periods, where Data Cleanup is going to be performed, and who is going to perform the data/record cleanup (e.g., current BIA staff, new hires, contractor support).

The cleanup strategy was divided into seven phases (four of which are accomplished by the Data Cleanup contractor).

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- C Office Preparation for Data Cleanup Activities** – The local BIA office prepares its files, records, legacy systems, etc. to the greatest extent possible within its resources to insure that the Data Cleanup contractor can begin work effectively and efficiently.
- C Data Cleanup Assessment** – The Data Cleanup contractor performs a formal assessment of the deployment sites’ data and existing records to determine the current condition of data quality and whether any special data issues exist which must be addressed.
- C Establish Data Metrics** – The Data Cleanup contractor establishes “goals” for Data Cleanup, determines how and when the Data Cleanup will be performed and, generally, establishes a baseline upon which cleanup activity can be measured.
- C Pre-deployment Data Cleanup** – The Data Cleanup contractor uses a comparison of legacy data using “data integrity tools” to identify inconsistent or incomplete data; research missing or incorrect critical key field information; and manually enter data into “holding files” for later conversion into TAAMS; and sample information to determine additional post-deployment requirements.
- C Post-deployment cleanup** – Post-deployment cleanup begins with the official deployment of TAAMS and continues until the data achieves a quality rate sufficient to turn over total responsibility to the local BIA management. A key facet of this activity is the entry of new data into TAAMS that had not been previously collected in the legacy systems.

Post-deployment activities include a sampling of data to ascertain a “data quality” rate. In cases where the data quality levels are unacceptable, the BIA and the Data Cleanup contractor will reevaluate the local plan and may require further Data Cleanup by the contractor. Upon achieving a level of data quality acceptable for completing the contractor’s work, a specific Data Cleanup strategy will be prepared by the contractor and turned over to BIA management for completion of all necessary activities.

- C Data Auditing** – The BIA will contract with an independent observer to audit and verify that the data is being maintained in a proper fashion at selected deployment sites. Typically, the audit will occur after a period of six months after the Data Cleanup contractor has concluded its efforts.
- C Data Management by BIA** – The BIA staff will engage in all practices necessary to maintain the integrity of the data as measured by accuracy, completeness and timeliness.

Pre-deployment Data Cleanup focuses on ensuring that “key” data fields such as tract number and owner ID are unique and correct, inconsistencies between the legacy systems are researched and

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amended as necessary. Eliminating these errors ensures that TAAMS data conversion can be processed effectively.

For example, in the Rocky Mountain Regional Office, more than 2,000 records from LRIS, affecting over 16,000 tracts, were analyzed, researched and corrections made to the legacy systems before conversion. Similarly, for IRMS, over 2,000 records impacting 2,200 tracts were analyzed, researched and corrected.

A very different condition exists in the Alaska Region, where no legacy systems exist. In this region, Data cleanup has entailed the copying of all pertinent trust records, shipping of the copies to a central facility in Albuquerque, NM and direct entry into a new TAAMS database.

The pre-deployment Data Cleanup task for the Pilot site was completed in August 1999. The Pilot Region includes the Rocky Mountain Regional office and seven agency offices.

The BIA Data Cleanup schedule is integrated into the over-all TAAMS deployment schedule. Data Cleanup is scheduled for completion immediately preceding the implementation at each particular site.

Data Cleanup has begun in the following Regions: Alaska; Eastern; Great Plains; Northwest Pacific; South Plains; Southwest; and Rocky Mtn. Data Cleanup is scheduled to be initiated in all 12 BIA regions by June, 2000.

About \$9.8 million is expected to be obligated for this subproject in FY 2000.

Justification of Program Change:

A total of \$8.9 million is requested for data cleanup in FY 2001.

TAAMS Post-Deployment Cleanup

After deployment of TAAMS, additional cleanup activities will be required. Subject to data integrity goals, Data Cleanup activities that can be performed more effectively in the new environments will be accomplished in this phase.

Examples of post-deployment Data Cleanup include reviewing standard BIA reports, such as the Title Status Report, from the legacy system against TAAMS reports, addressing inconsistencies, researching and making corrections to data errors found during the conversion process, using data anomaly reports to identify errors and entering document processing backlogs, such as completed probates.

Data for new fields that were not collected in the legacy systems will be added to the new TAAMS data files. For example, the legacy systems did not support “metes and bounds” legal descriptions and direct entry for tracts with such descriptions must be completed after deployment.

With the deployment of the core TAAMS functions implemented using modern database management tools and data architecture, BIA will have an environment and support tools to complete the necessary Data Cleanup requirements. The deployed TAAMS system will be an on-line relational database system where data is entered once and stored only once in the system. The Post-deployment Data Cleanup effort will be executed by a team of contractor staff supported by local BIA staff.

The Post-Deployment Data Cleanup task is schedule to be completed at all sites by the end of FY 2003.

PROBATE CLEANUP:

Overview:

The Secretary is charged with administering trust or restricted resources and funds for the benefit of individual Indian owners. Federal law permits Indian resource owners to pass title to their trust assets by testamentary devise or by intestate succession and imposes upon the Secretary the duty of determining the legal heirs to the trust assets after the death of an Indian trust asset owner (Act of June 25, 1910, 36 Stat. 855, 25 U.S.C. §§ 372, 373). As each generation passes, Indian heirs become owners of undivided interests in the trust and restricted assets. The multiple common ownership is referred to as “fractionated heirship”.

Regulations set forth at Title 43 Code of Federal Regulations, Part 4, require the BIA to obtain information regarding the identity and whereabouts of presumptive heirs and to provide an inventory of the trust assets to an Administrative Law Judge of the Department’s Office of Hearings and Appeals (OHA). Additionally, the BIA has delegated authority to determine the heirs in estates containing only trust funds of less than \$5,000. The cash only estates are referred to as “summary distributions”.

Due in large part to the great numbers of fractionated interests in trust assets, probate cases in BIA regions with high concentrations of allotted lands have become backlogged. The Indian Probate Reintervention Laboratory found that this situation is further exacerbated by the fact that both BIA and OHA lack sufficient staff exclusively dedicated to probate case work, and that there exists no uniform agency procedures for facilitating timely processing.

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Current caseload data developed by BIA and OHA, which included a projected estimate of future deaths, estimated that approximately 15,500 cases are pending in the ten BIA regions. The information specifically revealed:

- C Approximately 1,700 cases in which the death notification was received within the previous 90 days;
- C Approximately 5,400 cases in which 90 days had elapsed since the notification of death was received;
- C Approximately 100 cases that had been returned from OHA for additional file work;
- C Approximately 4,600 closed estates that require posting, recordation of title information and amendment of agency payment records;
- C Approximately 1,000 cash only estates that require heirship determination and distribution;
- C Approximately 2,700 new probate cases resulting from deaths.

Additionally, OHA reports that it has approximately 6,000 pending cases, which includes both undecided cases that have been carried over from prior years and new cases received from BIA in the current year.

The objectives of the subproject are to: (1) eliminate BIA summary distribution and BIA/OHA estate backlogs, including the posting and recordation of title and ownership information and (2) prevent future backlogs by developing and implementing streamlined processes for probate case work.

The subproject outlines a number of tasks designed to meet the objectives. Among those are the creation of a BIA/OHA integrated Indian probate system that envisions hiring additional probate judges and BIA attorney decision makers, obtaining contractors to eliminate the posting and encoding backlogs, and hiring dedicated staff to continue this ongoing work. The anticipated outcome of the subproject is a streamlined Departmental system that permits Indian trust asset owners to be identified and to receive trust assets and income in a timely manner.

An examination of the probate caseload, against the backdrop of the present processing structure requires the conclusion that the caseload far exceeds the BIA's and OHA's ability to process new cases in a timely manner, and simultaneously eliminate the backlog. The Indian Probate Reinvention Laboratory Team recommended redesign of the Department's existing probate program in a manner that would delegate decisions to the lowest level, eliminate non-value added steps, and reduce the processing time from the official notice of death to the issuance of the Administrative Law Judge's decision, from 3-6 years to 18 months.

In FY 2000, OHA and BIA will focus primarily on implementing the framework for joint management; increasing staff or services to adjudicate and process estates (e.g. four new OHA field offices; hiring probate specialists; contracting for Summary Distribution processing, etc.); and,

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establishing consistent streamlined standard processes (e.g. proposed rule-making, training, database development, etc.).

Based upon the consolidated information concerning the probate caseload provided by the BIA Regional Offices and the OHA, and the recommendations of the Reinvention Lab, the following strategies will be employed:

BIA - Establish Attorney Decision-Maker Positions as an Alternative Means of Deciding Cases

In August 1999 the BIA and OHA initiated the administrative work necessary for the creation of an integrated Indian probate case management process that will promote prompt distribution of trust assets and income to Indian heirs who are legally entitled to receive the trust assets. The new system provides two avenues to the potential heirs for expediting probate cases:

Decisions by Attorney Decision-makers If the cases meets fixed criteria and heirs do not object, the case will be decided by a BIA attorney decision-maker without a hearing. The BIA attorney decision-maker will make on-the-record decisions in those cases that meet specific criteria and therefore will be decided without a hearing.

Decisions by Administrative Law Judges Cases may go before an administrative law judge. Potential heirs and devisees will also be given an opportunity to indicate preferred alternate methods of decision-making by the ALJ. The preferences are (1) in-person hearing, (2) on-the-record decision (3) video conferencing for areas that are difficult to access frequently, and (4) on a limited basis, teleconference.

In February 2000 the BIA drafted regulations that established the policies and procedures for the BIA Indian probate program and the duties of the BIA attorney decision-makers and paralegal specialists. The draft regulations will be published as proposed rules by June 30, 2000. It is anticipated that the final rule will be published by December 2000.

It is estimated that the BIA will hire attorney decision-makers and support staff by July 31, 2000, after approximately 2 weeks devoted to training the new staff will address the summary distribution backlog in each of the eleven Regional Offices. The policy decisions to implement the BIA/OHA integrated probate system followed the recommendations of the Reinvention Lab, and the recommendations of the BIA Regional Offices who responded in December 1999 that the only effective mechanism for addressing the BIA probate caseload was to hire additional permanent staff to be dedicated full time to probate case processing.

BIA - Elimination of Summary Distribution Backlog

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The great portion of the 1,000 pending estates contain only trust funds, and thus are ready for summary distribution. They are located in the Midwest Regional Office, Minneapolis, Minnesota; the Rocky Mountain Regional Office, Billings, Montana; the Western Regional Office, Phoenix, Arizona; and the Northwest Regional Office, Portland, Oregon.

To address this backlog, federal regulations that transfer authority to determine these cases from the BIA Superintendents to the newly created BIA attorney decision-makers will be published as an interim final rule in June 2000. It is anticipated that this backlog clearance work will be completed by December 31, 2000.

OHA - Complete Decisions on Current Docket and Incoming Cases

OHA will hire ten temporary Indian probate judges to conduct hearings and decide cases in the current OHA docket as well as new cases coming in from the BIA. As OHA ALJ's and support staff are brought on board during FY 2000 for newly opened OHA offices, OHA will use temporary paralegals and legal clerks and also authorize overtime to maintain production as well as decide older cases. By using this strategy, OHA intends to conduct hearings and render decisions in approximately 2,800 cases during FY 2000. Because OHA will reassign three of its permanent judges, hire and train new judges and open new offices pursuant to the reinvention implementation process, the number of cases decided in FY 2000 will not reflect a significant change from FY 1999. In FY 2001 and 2002, however, OHA expects to hear and decide approximately 6500 cases annually, assuming the anticipated BIA backlogged cases are received during this period.

OHA - Complete Decisions on Pending Cases

During Fiscal Year 2000, OHA ALJ's will concentrate on rendering decisions on cases on the current docket older than twelve months. By implementing this strategy, OHA ALJ'S will issue orders for approximately 800 cases older than 12 months that have already been heard, but undecided. In FY 2001, OHA will decide all cases in its docket that are older than 12 months except in unusual circumstances when the facts of the case prevent resolution in that period. By FY 2002, OHA expects to reduce average processing time for substantially all new probate cases so that all cases on OHA's docket will be decided in 12 months, except in unusual circumstances when the facts prevent resolution in that period.

BIA - Posting and Recondition of Probate Orders

The data submitted by BIA Regional Offices in December 1999 indicated that approximately 4,600 cases have been closed and are awaiting BIA administrative actions. These actions include analysis of the final probate order to determine the proper distribution of the trust assets under varying applicable tribal and federal laws and recondition of new ownership information, encoding electronic files and posting information in various BIA agency files.

The greatest portion of this work exists in the Midwest Region (Minneapolis, Minnesota), the Great Plains Region (Aberdeen, South Dakota), the Western Region (Phoenix, Arizona), the Rocky

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Mountain Region (Billings, Montana), and the Northwest Region (Portland, Oregon). By May 2000 the BIA will modify its existing contract for the BIA/data cleanup to include posting and encoding BIA files at the various field locations with current ownership information contained in the probate orders. This work will commence in the BIA regions with the greatest backlogs. It is anticipated that all posting and encoding backlogs will be eliminated by December 31, 2001.

BIA - Contract for Elimination of Probate Case Processing Backlog

The BIA will modify its existing data cleanup contract to include services for the elimination of the approximately 5,400 cases identified in the BIA December 1999 probate caseload assessment that must be processed for referral to OHA.

The scope of work for the contract will include the assembly of probate packages and all tasks necessary for referral of the cases to OHA. The contractor's workforce will be deployed to the BIA field offices within the five specified regions to work in the local communities.

Additionally the contract will require deliverables of probate caseload inventories listed by decedents' names and tribal affiliation, which are to be compiled at the commencement of the work at each field installation. The data contained in these inventories will be used in establishing a nationwide Indian probate tracking system. The contract will be modified by July 1, 2000 and will require elimination of the 5,400 backlogged cases by December 2002.

The contractor will initially address those regions which were reported as having the largest numbers of outstanding cases as summarized in the following table:

BIA Region	Number of Backlog Cases	Percentage of Total Backlog
Midwest	1,230	23%
Great Plains	914	17%
Western	687	13%
Rocky Mt.	867	16%
Navajo	608	11%

An additional 1,100 cases, which represent 20% of the total reported backlog, are spread among the remaining five BIA regions. The scope of work will provide that this 20% backlog will be addressed by the contractor after completion of a significant amount of the casework in the five critical Regions, as determined by the Deputy Commissioner - Indian Affairs.

As BIA casework is completed, OHA may utilize BIA Decision Makers to conduct hearings and decide cases that are ready for decision.

Youpee v Babbitt Background

In 1983 Congress enacted the Indian Land Consolidation Act, 25 U.S.C. §§. 2201, *et seq.*, (ILCA) one section of which provided that upon the death of an Indian trust resource owner, any fractionated interest of 2% or less escheated to the tribe having jurisdiction over the land or resource. The formula for determining escheat was amended in 1991. Thereafter in 1997, the Supreme Court in *Youpee v. Babbitt* ruled that the escheat provisions in ILCA were unconstitutional.

On February 19, 1999, the Secretary ordered that escheated interests be returned to the estates of the decedents who previously owned the interests, and thereafter distributed to the proper heirs. Based upon a poll of the BIA Land Title Plants in 1997, the BIA estimates that approximately 178,000 restricted and trust interests involving 13,000 estates, must be redistributed. Casework necessary to accomplish the redistribution includes:

- C Issuing modifications for all affected estates;
- C Issuing orders determining heirs in cases where determinations of legal heirs were not made;
- C Processing subsequent probates when a death occurred during the period of escheatment;
- C Changing LTRO land ownership records and other records as appropriate;
- C Coordinating with OST to ensure that IIM accounts are established for all affected individuals;
- C Determining the income that was earned during the period of escheatment; and
- C Determining viable methods of reimbursing the legal heirs for monies paid to tribes from escheated interests.

Develop and Evaluate Youpee Pilot Project

The President's 2001 budget includes funding to redetermine and redistribute escheated interests. By June 30, 2000, the BIA will select a BIA regional office to conduct a pilot project to determine the scope and cost of the efforts required to redetermine and redistribute escheated interests in that region. After the pilot project is completed, the BIA will analyze the pilot experience and BIA region workloads to determine a methodology for processing the remaining *Youpee* cases. The BIA will also examine alternative means of resolving these cases, such as the purchase of the fractionated interests. This task will be completed by September 30, 2000. The work on the remaining *Youpee* cases will be on-going until completion, which is anticipated to occur in September 2004.

Congress has enacted legislation that authorizes the Secretary authority to secure Indian probate judges as necessary, if sufficient administrative judges are unavailable from other Federal agencies or from retired ALJ's. This legislation provides the Secretary more flexibility in securing the requisite number of judges needed to handle probate adjudications

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The Probate Implementation Team will oversee the reopening of four OHA field offices located in close proximity to BIA agencies in Indian communities. Those OHA offices will be located in Billings, Montana; Bismark, North Dakota; Phoenix, Arizona; and Rapid City, South Dakota. Three of these locations will be near BIA Regional offices. These two BIA regions (Great Plains and Rocky Mountain) have the largest number of fractionated land interests and the largest number of tribal members residing on the reservations. The new OHA field offices are expected to be opened by September 30, 2000.

The number of staff required to timely perform Indian probate processing, including posting and other related duties, varies from BIA region to region depending in large part on the volume of probate activity, the complexity of applicable state, tribal and federal laws, and the nature of the trust and restricted resources being administered. The December 1999 BIA probate caseload assessment revealed that approximately 214 BIA employees nationwide work on probate matters, but that only 34 are exclusively assigned to this work with an average grade level of GS-7. The wide variance in regional backlogs emphasized the necessity for the BIA to analyze staffing needs to prevent reoccurrence of backlogs in the future. This analysis will be completed in two phases by contract sources:

Phase I - By June 1, 2000, a contractor retained by the Department will analyze the information reported in the December 1999 BIA probate caseload assessment. Using metrics from the dedicated probate staff to determine case processing time, the contractor will project the range of required staff positions needed at the various BIA field offices.

Phase II - A contractor retained by BIA will develop field location staffing levels tailored to meet the unique location needs based upon the information obtained in Phase I and after factoring the death rates at each location. Phase II will be completed by March 31, 2001.

Based upon the results of the staffing needs assessment, BIA staff members, including any new hires who have been employed to initially address backlogs, may be permanently reassigned to BIA regions with the greatest continuing needs.

The Reinvention Lab recommended that probate clerks and probate specialists positions be upgraded to reflect the level of knowledge required by the positions, and that no collateral duties be assigned to these positions. In response to the backlogs identified by the BIA in the December 1999 probate caseload assessment, and projections of ongoing probate casework, the BIA determined that the level of staffing was inadequate to maintain current ownership records. Pending the outcome of the needs assessment, some new hires will be initiated by June 30, 2000. Once phases I and II of the staffing needs assessment are completed, as outlined in Section H., the BIA will realign and supplement staffing needs as mandated by the needs assessment.

About \$8.8 million is expected to be obligated for this subproject in FY 2000.

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Justification of Program Change:

In FY 2001, OST requests \$6 million to continue streamlining efforts identified above to reduce the backlog/caseload. An additional \$3 million is requested under BIA's FY 2001 budget request to phase in permanent staff for the probate program. Most of the efforts initiated in FY 2000 will continue into FY 2001 and, in some cases for several years to completely address this issue.

BIA APPRAISALS

Overview:

The objectives of this subproject are to: (1) eliminate the BIA appraisal backlog through staffing, training, and introduction of new methods; (2) develop a tracking and monitoring system for appraisal requests; (3) develop BIA-wide comprehensive valuation practices which are in accord with the Uniform Standards of Professional Appraisal Practice; and (4) update or generate pertinent provisions in trust program manuals that outline appraising options and administrative procedures for ensuring the timely completion of appraisals.

The anticipated outcome of this subproject is a consistent BIA-wide policy for the valuation of trust resources. This policy will provide the internal mechanisms for appropriate, timely and comprehensive valuation of trust resources to assist BIA managers and tribal and individual Indian landowners in making informed decisions with regard to the disposition of the trust lands and resources.

Appraisal services provided include: 1) appraisal reports estimating market value, value in use, depreciated or salvage value, market rent, and economic rent to guide in the negotiation, evaluation, granting and approval of land sales, exchanges, gifts, probates, mortgages, leases of all types, and right of ways, 2) real estate counseling in the form of studies estimating highest and best use, cost benefit ratios, feasibility, marketability and rates of return, 3) review of appraisals prepared by other agencies and by contract appraisers, 4) testimony in administrative and judicial proceedings as expert evaluation witnesses on behalf of the BIA and Indian landowners, and, 5) negotiation and monitoring of contracts with fee appraisers.

The main appraisal issue identified in the HLIP is the needed improvement of the BIA appraisal program through applications of alternative appraisal methods and implementation of bureau-wide appraisal standards.

The BIA appraisal backlog has been attributed largely to inadequate staffing levels at all Regional Offices and agencies due to lack of funding needed for additional appraisal staff and clerical support positions. The BIA appraisal processing time has been determined to be an impediment to the acquisition and disposal of Indian real estate held in trust for the tribe and individual landowners.

The FY 1999 TMIP funding enabled the Bureau to hire a Bureau Chief Appraiser; upgrade needed appraisal equipment; and conduct a program review of the Rocky Mountain Regional Office to develop a backlog reduction plan. In FY 2000, the OST will allocate \$1.3 million to the BIA for implementation of the appraisal subproject as follows:

C Hire of 10 additional positions,

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- C Contract for two market surveys for Rocky Mountain Regional Office. The market survey will contain descriptions of comparable land sales/leases and convey elements (market trends, activities, physical and economic adjustment) impacting land values. These market surveys will be completed for reservations to determine land values of non complex and homogenous properties and to establish fee schedules and to support mass appraisals for these properties.
- C Eliminate the appraisal backlog at the Rocky Mountain Region Office. The clean up effort at the Wind River Agency is expected to cost approximately \$50,000 to complete 600 backlogged appraisal requests. The overall appraisal elimination cost associated with the Rocky Mountain office is expected to be \$250,000. Overall, using Bureau appraisers has already proven to be more expedient and cost effective compared to contracted appraisal services. The Rocky Mountain Region appraisal elimination project is anticipated to be completed by August 2000.
- C Providing training to ensure proper application of appraisal methods and techniques, as well as eliminate unnecessary appraisals is funded under the training subproject.

No funds are included in the OST budget for the Appraisal program in FY 2001, as the ongoing operational appraisal program is reflected in the BIA budget for FY 2001.

TRUST FUNDS ACCOUNTING SYSTEM

Overview:

A new IIM accounting system was critically needed and long overdue. The existing BIA legacy system under IRMS is incapable of fully performing trust accounting functions mandated by the Reform Act.

The OST, in coordination with the Department's Chief Information Officer (CIO) and the Office of Information Resources Management, is installing a Trust Funds Accounting System (TFAS) module (also referred to as the IIM Accounting System), suitable for both Tribal and IIM accounts. TFAS is to provide the basic collection, accounting, investment, disbursing, and reporting functions common to commercial trust funds management operations. The system is commercially operated and maintained by SEI Investments, Inc. The implementation approach uses procurement and piloting protocols appropriate to a proven, commercially leased, centrally operated and maintained off-the-shelf standard trust accounting system served by trust data generated nationally from over 200 field locations. Following appropriate data cleanup, successful implementation and piloting, the Trust Funds Accounting System module is being extended to both Tribal and IIM accounts nationally. Conversion of approximately 285,000 accounts on the current IIM system is occurring

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over a three-year period. Conversion uses both internal and contractor support. Currently, over 191,000 accounts in nine regional offices, including tribal accounts are operating under the TFAS system. By March 31, 2000, OTFM will have completed the conversion of all locations to the TFAS. Any systems review and adjustments needed will be completed by the end of May 2000.

As IIM accounts are converted to TFAS, the posting of IIM transactions is also being realigned (centralized data entry). Centralized data entry provides for consistent input of essential data and for better quality control of data. Performing data entry at the local levels is inefficient and is often interrupted by day-to-day operation activities with account holders, resulting in incomplete or inaccurate data entry. The centralization has also resulted in strengthened internal controls (e.g. separation of duties). Centralized accounting is accommodating the posting of IIM transactions for converted areas in Albuquerque rather than in the field. The realignment has facilitated a 100% pre-review of all IIM source documents prior to encoding to TFAS, and 100% post-review of system information versus source document information. This has been done sporadically in the past, when transactions were processed in the field.

Conversion/training staff assist in coordinating and implementing the TFAS conversions, and TAAMS system interface with TFAS, assist in conversion training and other day-to-day assistance to users, and will provide ongoing training as updates to TFAS are released on a quarterly basis.

A Help Desk has been implemented that has a toll-free phone number for both internal and external customers to utilize. The Help Desk hours of operation are from 7:00 A.M. to 7:00 P.M. Central Time in order to assure that all OST Field Operations have access to the help desk, regardless of their location. This allows the inquirer to call one number to obtain help on any issue, eliminating the frustration of being transferred or being given instructions to contact a different office.

As of February 2000, 285 OTFM, 275 BIA, 114 Tribal, 30 contractor, and 8 Farmington Indian Minerals Office personnel have been trained. User training is scheduled and completed approximately one month prior to implementation of the new Trust Funds Accounting System in each Region, in a "just-in-time" approach to ensure user retention of the training information and skills. Refresher training is also provided on an "as needed" basis. Additionally, all OST employees are provided "hands on" experience at OTFM in Albuquerque prior to conversion of their Region.

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With the implementation of TAAMS, regional lock boxes will be utilized for better cash management and to provide for separation of duties that is not currently possible at all BIA and OST locations, due to the small size of some office staffs.

About \$17 million is expected to be obligated for these activities in FY 2000.

Justification of Program Change:

For FY 2001, \$14.2 million is needed to meet the following requirements:

C \$11,450,000 is needed for the TFAS system for FY 2001. This will be the fourth year of the contract and all IIM accounts and Tribal Trust accounts will have been converted to the system. It is currently estimated that in FY 2001, a total of 287,000 accounts will be maintained, including approximately 1,900 high volume accounts. An integral part of this system is the Computer Output to Laser Disc (COLD) system. All TFAS System reports plus historical information from the predecessor system to TFAS will be preserved via COLD instead of hard copies.

Contract estimate based on the following:

Low volume accounts (285,000) at \$3.28/month.	\$11,300,000
High volume accounts (1,900) at \$14.06/month..	\$ 325,000
Contract Insurance requirements	\$ 50,000
Less estimated adjustment for prior year under usage	\$ - 375,000
 COLD licenses	 \$ 150,000
Total system estimate	11,450,000

Efforts will continue to identify accounts that can be closed or removed from the system, following a complete and careful documentation to ensure that account holders are not negatively affected. It is difficult to predict the number of accounts that will be in the system after data clean-up; as some accounts will be removed from the system and other new accounts will be added as a result of probate cleanup actions, increasing fractionation of Indian lands, or other actions.

These estimates exclude costs for addressing *Youpee* cases, which will be determined *Youpee* plans are finalized.

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Support functions and costs to the TFAS include:

- C \$400,000 for regional lock boxes located at six proposed locations (Albuquerque, Aberdeen, Portland, Sacramento, Billings, and Oklahoma City) to provide for electronic deposit and collection of income and fees. Cost estimates are based on an historical estimate of volume of transactions. This initiative will be implemented as TAAMS rollout occurs.
- C \$500,000 for the replacement/upgrades of computer workstations, computer security, and other hardware, software and network systems replacement costs. While all major purchases of equipment will have been completed between FY 1998 and FY 2000, beginning in FY 2001 a scheduled 1/3 replacement equipment and upgrades program is necessary to keep equipment operational and to meet current technology requirements.
- C \$205,000 to operate the Help desk from 7:00 A.M. to 7:00 P.M. Central Time to address both internal and external issues.
- C \$1,175,000 to fund centralized data entry. Centralized accounting coupled with the pre and post review of all transactions enhances accountability to the account holders.
- C \$275,000 for the systems operations staff (formerly conversion staff). The TFAS vendor currently schedules quarterly enhancements to their system. In order for OST, BIA and Tribal staff to utilize these enhancements, OTFM staff will have full responsibility for training on enhancements. The staff will also be responsible for the continual training that will be required for new staff utilizing TFAS. The staff will test enhancements prior to implementation and work with the vendor to clarify any issues identified during testing. Without continual training on the system, the system cannot be utilized properly to derive the full benefits that the system is capable of producing. Properly trained staff is an essential step of reforming the management of Indian Trust Funds.
- C \$200,000 for assistance with system interface/system development support for TAAMS/ TFAS operations. Additional systems contractor assistance will be needed to ensure that TAAMS and TFAS can interact and that systems connectivity issues are addressed between BIA and OST users.

TRUST ASSET AND ACCOUNTING MANAGEMENT SYSTEM (TAAMS)

Overview:

The basic tools that DOI uses to manage Indian trust assets must be upgraded. Proven automated application sources for many of these basic trust functions are commercially available.

The Trust Asset and Accounting Management System (TAAMS) that will replace existing systems is comprised of a modified commercial off-the-shelf general trust asset management system. The TAAMS system will include master lease, billing and accounts receivable, collection subsystems, and land title functions.

Legacy Systems

There are currently two BIA-wide automated systems used to manage Indian trust assets: the Land Records Information System (LRIS), and the Integrated Records Management System (IRMS).

LRIS supports the land title function by providing land title-related information e.g. ownership and encumbrances. It calculates ownership interests (in fractional and decimal forms) used by Agencies for distribution of land revenue.

IRMS supports the land resource management function and is primarily used at the Agency level for generating lease bills and for income/revenue distribution to Indian owners. It contains information on Indians (People File), Leases (i.e., pasture, range, timber, mineral mining), land ownership, oil and gas royalties, and IIM accounts.

Several of the Regions use locally developed and maintained systems to support the leasing and disbursement process. Others perform this function manually and do not use any automated systems.

Legacy System Shortcomings

The information contained in each of these modules is entered manually, contains duplicate data elements, and is not integrated or cross-checked for consistency. As a result, the same data has the potential of being inconsistently maintained by each module.

LRIS and IRMS are not integrated, have no electronic interfaces and duplicate much of the same information (i.e., ownership, land, and leases/encumbrances). This increases the chance of data-entry errors and the potential for inconsistency in the information contained in each system. Neither LRIS nor IRMS fully or adequately support all the activities of the land title and resource management functions performed at the Land Title Records Office (LTRO) or Agency levels.

The BIA, in cooperation with the OST and in coordination with the Department's CIO and Office of Information Resources Management, BLM and MMS, is acquiring, modifying (as necessary),

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testing and piloting standardized, commercial off-the-shelf land management system software. Interfacing with the Trust Funds Accounting System described above, this trust management system will comprise TAAMS. The TAAMS system will include an asset management system with a master lease subsystem, a billing and accounts receivable subsystem, and a collection subsystem. TAAMS will also have a probate tracking system in a future release.

A pilot site (Rocky Mountain Region/Billings, MT) was identified and the site's data has been cleaned and converted. The conversion process used both internal and contractor support. The approach used procurement and piloting protocols appropriate to a proven, modified commercially leased, operated, and maintained off-the-shelf standard trust asset management system, to process trust data generated nationally from over 221 BIA and Tribal field locations.

Three Native American 8(a) management/ technology firms were selected in December 1998 to provide day-to-day support to the TAAMS project team. An additional firm was procured to provide assistance in developing data dictionaries and data conversion techniques. The BIA will continue to utilize outside assistance as it becomes necessary to supplement internal resources.

The BIA is working with the software vendor to modify the off-the-shelf product through an iterative process of developing system prototypes. Each prototype is reviewed by the user and further revisions are made until the prototype is accurate and reflects business needs.

The initial system modification effort includes all development requirements of TAAMS, including developing the interfaces with TFAS and MMS, mandatory reports, and all contract functional requirements that were determined to be mandatory in the original contract (as amended by contract modifications that were necessary to reflect the dynamic system development that has been undertaken by the Department). As the initiative progressed, it became apparent through direct discussion with the users that certain TAAMS features could be deferred and others would need to be accelerated. Contract modification was necessary to ensure that the required core functionality was properly identified in contract form.

Training

TAAMS training will be provided by a team of trainers consisting of the software vendor and BIA program experts and will be conducted in a central training facility. Training will be conducted based on the functional need of the staff and will vary in length from one day to one full week. Training effectiveness will be evaluated and retraining for staff will be conducted as necessary. New user training will be scheduled during conversion at other sites.

Approximately 50 training sessions will be conducted for BIA and tribal staff over the next year and one-half. The provider will be tasked with staffing an extensive help desk operation to aid in the conversion and training effort.

Status of Pilot

The performance of TAAMS at the Rocky Mountain Region pilot test site is being evaluated against pre-established requirements specified in the contract to objectively measure the success of the new TAAMS. All Billings region agencies are included in the pilot. Both pilot and parallel processing will continue until the user community feels comfortable with TAAMS and a decision is made to discontinue data entry into the legacy systems.

A user test was conducted in the Billings Regional Office the week of February 1 - 4, 2000. Simultaneously, testing was conducted at the Crow Agency and realty staff from four additional agency offices participated in the user test at the Billings site. A significant number of transactions were entered into both TAAMS and the legacy systems in order to ensure that TAAMS was providing accurate results. In addition, a usability questionnaire was administered to the participants. Transactions for both the leasing and title function were entered into TAAMS, with the heaviest concentration focusing on title.

The TAAMS project management team has scheduled a meeting in early March with the BIA, OST and MMS, along with all respective software vendors to discuss any remaining interface issues. It is anticipated that the remaining concerns will be few and can be addressed without any major delay.

Deployment Decision Review

The BIA completed its official assessment of the title functions of TAAMS in terms of system functionality and usability in February 2000. That assessment will be forwarded to the Department for a final deployment decision for roll-out to BIA title plants as the first stage in the total TAAMS roll-out. The initial deployment decision for the LTRO's is expected to be made in March 2000. A follow-up decision will be required when distribution and interface capabilities are in place and adequately tested. The time for this is to be decided.

Deployment to BIA and Tribal Sites

Deployment begins with the loading of TAAMS software on the desktops of the individual workstations at the office site. For project management tracking, the "deployment date" reflects the above action. Upon loading of software, an extensive set of data reports will be provided to the office to review the converted data resident in TAAMS. These reports will form the basis for the initial activities conducted under deployment data cleanup.

The realty personnel at the deployment site will be required to carefully review the data reports and, with Data Com Sciences, Inc., make a determination regarding the completeness and quality of the converted data. The determination will include an estimated period of time in which the office will become familiar with TAAMS, initiate any immediate corrections to the database necessary to ensure that processing can be accomplished, adjust local work flows, and ensure that the local network and telecommunication infrastructure is properly functioning. The TAAMS project management team will also be involved in this determination.

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Once the tasks are satisfactorily completed and the office is using the TAAMS software full-time, the site will be considered “implemented”. This period may be as short as two-weeks or as long as 120 days depending on the issues that must be addressed at that individual site.

Deployment will be conducted in two phases. First, all Land Title and Records Offices will be deployed. Once TAAMS is fully operational in all LTRO’s, deployment to BIA and tribal offices conducting the realty function will begin.

Deployment planning for both title and realty functions includes a readiness review at each deployment site including the following criteria:

- C Data cleanup status
- C Hardware delivery
- C Communications availability
- C Security requirements fulfilled
- C Training conducted
- C Management involvement

For the LTRO’s, deployment will be conducted on an office-by-office basis until all eight offices are complete. The Title deployment will also include three tribal sites that have contracted to perform title functions.

At present, it is estimated that all sites performing the title function will be deployed between May and December, 2000. Realty sites will be deployed beginning in August 2000 at BIA Offices and continuing through to Tribal sites.

The Realty deployment schedule will generally follow a geographic process, although a specific sequence has not yet been determined. Various options exist including a regional geographic deployment schedule as originally discussed in this Plan or deployment in “groups of offices” irrespective of geography.

As stated above, the actual sequence is based on site readiness, including completion of pre-implementation data cleanup. Once the Department makes a final decision regarding deployment, a more precise schedule will be developed subject to modification based on site readiness.

Because system deployment is dependent on the completion of cleanup activities at each site, it is not possible to project a complete deployment schedule at this time. Therefore, the BIA will review data cleanup progress quarterly at each potential deployment site and initiate detailed deployment planning at only those sites that can reasonably be deployed in the following six months.

Complete TAAMS Deferred Modifications

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The TAAMS contract for software services identified a number of functions for TAAMS which were classified as mandatory-deferred. These functions were determined to be important but not required in TAAMS Version 1.0. Upon a deployment decision by the Department, indicating that TAAMS Version 1.0 is acceptable, BIA design teams will initiate a thorough development of design specifications for these contract requirements to provide to the software vendor to support the modification of TAAMS to include the following additional functionality.

- Estate Administration
- C Miscellaneous Conveyance features
- Miscellaneous recording features
- Lease closeout features

These functions are scheduled to be part of a planned release of TAAMS by September 30, 2000. The Department will evaluate the need and delivery of these requirements in June 2000 in order to ensure that initiating work on these features is still consistent with the design of TAAMS and would not interfere with the on-going system modification effort at that time. If it is necessary to postpone, revise or amend the TAAMS contract in any manner, it will be officially modified after that analysis.

Additionally, there may be other system enhancements, not found in the original TAAMS contract, which will be included in TAAMS Version 2.0. Included may be appraisal, enhanced probate and, possibly, a geographic information system.

TAAMS Documentation and Supporting Information

A significant level of corresponding documentation is being developed to support TAAMS, including an expanded data encyclopedia, user entry reference guidance, user manuals, system architecture, etc.

Documentation is completed as appropriate to the initiative. This will be reviewed and incorporated as appropriate in the Department's Trust Business and Computer System Architecture Framework.

About \$18.6 million is expected to be obligated for this subproject in FY 2000.

Justification of Program Change:

For FY 2001, \$12.9 million is required to support the TAAMS contractor costs which include site licenses, help desk services, and service bureau expenses. The FY 2001 request will also support a project management staff responsible for deployment; BIA staff to monitor the related TAAMS' contracts; training and travel expense for BIA/Tribal field staff. The request level will also provide resources for enhanced TAAMS functional requirements such as appraisal and probate case management to supplement the title and realty management function, in addition to other new system features for forestry. The \$5.7 million reduction reflects adjustments for one-time systems acquisitions costs.

RECORDS MANAGEMENT

Overview:

The inadequacies of Indian trust records have been well documented in Congressional reports, legal documents and testimony, the Special Trustee's Strategic Plan, various audits and oversight reports, including those of the National Archives and Records Administration (NARA), and in the media. Among the primary obstacles to improving the Indian trust management program and complying with the *American Indian Trust Management Reform Act of 1994* are the poor records and record keeping systems of the BIA. The decentralization of the Bureau and varying conditions at its offices have resulted in a complex record keeping environment, even as reliance on its records has increased. Attempts in the early 1990s to correct these problems were insufficient, inconsistent, and cut short by reductions in resources. Since Secretarial Order 3197 transferred the financial trust services function from BIA to the OST in February 1996, some of the deficiencies apply to OST as well.

The objective of the Records Management subproject is to implement a unified records management solution for Interior trust records involving OST, BIA, MMS, BLM, OHA and other participating DOI Offices. This includes a number of specified actions and reforms covering the full range of records issues including program management, records retention and storage, training, and electronic records.

Because the records are important, the conditions complex, and the interest in the records high, the Department is working to improve their management. On May 19, 1999, the OST Office of Trust Litigation Support and Records (OTLSR) established in Albuquerque a combined records management program office - Indian Affairs Records Management (IARM). IARM has responsibility for records management policy, guidance, training, and evaluation nationwide for all Interior Indian affairs records. The program will be responsible for carrying out a number of specified actions and reforms covering the full range of records issues including program management, records retention and storage, training, and electronic records.

The Director, OTLSR, manages the Indian Affairs Records Management program. For the IARM, the Director reports to the Indian Affairs Records Management Steering Committee, which consists of the Assistant Secretary-Policy, Management and Budget, the Assistant Secretary-Indian Affairs, and the Special Trustee for American Indians.

In addition, records management has been identified as a continuing material weakness in the BIA. Actions taken under the HLIP have been designated the Bureau's corrective action plan to eliminate the weakness.

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The initial planning assumptions, subject to continuous review by the Department and the National Archives and Records Administration (NARA), include:

- C Shared budgetary resources directed to a single, joint records operations solution, which will likely include shared staff and facilities;
- C Cost effective, workable solutions to temporary records handling, storage, and retrieval, which relies on the use of contractor assistance and NARA as fully as possible;
- C Cost efficient temporary physical storage facilities pending accession to NARA, Federal Records Centers, and Archives;
- C Appropriate preservation and safeguarding of records from loss, damage, destruction and unauthorized access;
- C Provision of training, guidance, and oversight of records in the OST and BIA trust operations under a joint operations concept.

Records management reform efforts are long term, with most of the activities extending over two or more fiscal years, starting in FY 2000. The reform and improvement tasks fall into two major categories, conventional records management and imaging.

Records Management:

The Indian Affairs Records Management program is establishing a life cycle database to maintain an inventory for all trust and other Indian affairs records nationwide. Establishing this means of intellectual control is the one best means to verify the existence, and proper maintenance and disposition of records.

The IARM will incorporate a number of new approaches into records control schedules to increase their flexibility and ease of use, and to expedite their approval by the Archivist of the United States. The trust records program will also research retention requirements for trust records and consult with interested parties. A sound records management program includes the continual verification of all existing records schedules and the continual revision of schedules. The IARM will issue records schedules in a format easy to follow by those who create and maintain records.

IARM will complete a survey of trust records in jeopardy and initiate corrections in FY 2000. The task of cleaning up the existing records disposition backlog at BIA locations is scheduled for completion by May 2002. The IARM will identify records that can be retired to a Federal records center or other repository, or the National Archives, and promote their transfer as one means of eliminating improper records storage conditions. IARM will also seek to preserve records of historical value, replacing those needed for current business with suitable copies. Site visits will

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continue throughout the three-year project to manage the clean up and provide cyclic evaluations of local records programs.

As a first step, in May-June 1999, a preliminary survey was taken to determine sites with particular records storage problems or where records were particularly at risk. This information was supplemented by site visit reports from the Special Master in *Cobell v. Babbitt* in April and again in November 1999. The IARM staff conducted a survey from November 1999 through February 2000, to acquire additional first hand reports. Records management specialists were sent to some sites to implement cleanup because of these findings. The BIA also required a detailed report on records storage conditions from each superintendent and each regional director in December 1999, and records management specialists participated in this information gathering in three regions. All of this information is being used to establish priorities for the long-range cleanup. It has also been used to take immediate remedial action, for example, at Zuni, Anadarko, and Fort Totten. This task calls for records management specialists to visit every office to identify needs and implement the steps to complete an inventory of all records at hand and to recommend and implement specific actions needed to safeguard their preservation or to carry out properly authorized disposition.

IARM is developing an innovative training curricula for appropriate presentation to all levels, management as well as administrative staff, in basic records management in many venues and formats. The program will also provide technical assistance and consultation to record keepers and their managers, on-site, by telephone and email, on the Internet, and through a series of publications and BIA/OST records manuals.

The IARM will review trust records policies and procedures with MMS, BLM, and OHA and establish a continuing dialogue. OST will publish for individuals in all agencies an Indian trust desk guide in a convenient and attractive format incorporating the history, laws, various processes, and comprehensive record keeping requirements for the program.

In conjunction with the Department CIO, the IARM will take steps to comply with National Archives and Records Administration requirements for scheduling office automation electronic source documents and for preserving electronic office automation records in electronic format where appropriate. The IARM will further develop a records strategy for imaging and other information technology, make certain that electronic records are being maintained according to Office of Management and Budget and National Archives and Records Administration requirements and the 1996 Amendments to the Freedom of Information Act, and that records management considerations are routinely incorporated into information system development, e.g., TFAS and TAAMS.

Key planned accomplishments in FY 2000 include:

- C Filling all 12 records specialists positions by December 1999.

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- C Following the hiring and training of records management staff, removal of the moratorium on retiring records to Federal Records Centers was approved in February 2000.
- C Providing training to personnel with specific records management responsibilities in OST and BIA Regional and agency offices by March 2000.
- C Progress in eliminating records disposition backlogs at BIA agencies; and replacing historical records with working copies.

About \$7.0 million is expected to be obligated for these activities in FY 2000.

Imaging

As part of the effort to safeguard vital source documents that authorize account establishment and support transactions recorded in Individual Indian Money (IIM) and Tribal trust accounts, the records supporting the accounts were collected from their previous field office locations and centralized in records center storage in Albuquerque. In addition, documents supporting transactions recorded into the TFAS - daily work - are also stored centrally in Albuquerque. Research in the administrative file jacket source documents required to respond to requests by account holders at field offices must currently be completed at the records center through manual research and then faxed to the requestor. A project to image the administrative file jackets and daily work will convert the source documents to images, while preserving the paper originals. Documents will be scanned and indexed for easy retrieval. The documents will then be available electronically to OST staff both in Albuquerque and the field. This project also includes a quality assurance task that will verify that images have been scanned correctly and are readable. A pilot of 2 million images was completed in FY 1999. Following the lessons learned in this largely successful pilot, the effort has been expanded in scope. The indexing scheme, retrieval capabilities, and overall efficiency of the system are being improved and efforts are underway to obtain contractual services to image selected OST trust financial documents.

A second project is designed to marry an electronic transaction document to an image capture process to reduce the large amount of paper and redundant encoding currently required to complete a transaction for the TFAS. Currently, the transaction information and the required backup are faxed to Albuquerque where they are printed and circulated for quality assurance, encoding, and another quality check. The paper is then filed for subsequent imaging. This second project will provide for the capture of the information (transaction and backup documentation) at the source, thus avoiding the delay and expense of scanning documents into the Image Management System. It will eliminate the paper, expedite processing, and make images of the backup material immediately available for use by staff in Albuquerque and the field. This project is being accomplished in FY 2000.

About \$2.6 million is expected to be obligated for this activities in FY 2000.

Justification of Program Change:

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\$8.0 million is needed for Records Management in FY 2001 to provide for the following activities:

- C \$3.0 million for salaries and related support costs for up to 20 records management specialists. These staff in addition to contractors will provide a “special action team” to visit every area office and agency during a three year period to clean up any existing records retirement backlog and provide training and technical assistance. IARM program will also establish cyclic reviews of records management programs at all levels. The reviews are scheduled to commence by April 2000 and continue thereafter on a recurring, systematic basis.
- C \$3.5 million for continued records clean up activities at BIA locations, primarily contract support and information systems to manage the records. A three-year project to cleanup the backlog of records stored at BIA and OST locations was initiated in May 1999. Completion of this activity is expected by May 2002.
- C \$1.5 million for imaging and related activities associated with TFAS efforts and other trust records needs.

POLICY AND PROCEDURES

Overview:

Proper management of Indian trust assets has been hampered by a lack of comprehensive, consistent, up-to-date regulations, policies, and procedures covering the entire trust cycle, from management of trust assets to distribution of trust income. Additionally, contemporary federal environmental protection statutes have placed agencies with little direct previous experience in managing Indian trust resources in the position of significantly affecting the use and disposition of Indian trust resources. This has resulted in program gaps and divergent practices, and a corresponding inability to ensure that consistent, sound policies and procedures are applied across the Department in its fulfillment of its trust responsibility. Moreover, there is a need for a comprehensive review of statutory and regulatory authorities and internal program guidance (such as procedural manuals or interagency agreements) to determine the need for revisions and/or the generation of new guidance.

Under this subproject:

- C Trust principles for Departmental management of Indian natural resources and trust funds will be developed and issued.
- C Current regulatory provisions for Indian trust programs will be reviewed and revised as necessary to ensure the fulfillment of the Secretary’s trust responsibility.

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- C Legislation will be proposed to modernize and clarify ambiguous and outdated statutes governing trust programs, to enact new provisions where statutory guidance is essential, to harmonize inconsistent provisions, and to repeal outdated or unnecessary provisions.
- C Internal program guidance related to the management of trust programs within and among all affected Departmental bureaus and offices will be reviewed and revised as necessary.

The BIA is managing this subproject. Planned activities include:

Develop Trust Principles for Departmental Management of Indian Natural Resources and Trust and Restricted Funds

The nature and scope of the federal trust responsibility to Tribes and individual Indians is not static, but rather continues to evolve. The Department will articulate the trust principles it will apply in the review of statutes, regulations, and internal program guidance governing management of its trust resources to ensure that they are consistent and properly integrated across the Department.

The subproject office will coordinate the development of the trust principles for issuance by the Department. Each affected office and bureau will use the trust principles as guidance for the identification, analysis and revision of its respective trust policies and procedures. The initial draft of trust principles was completed in November 1999. Tribal consultations were conducted in December 1999. Departmental clearance and completion is expected by April 2000.

Develop Departmental Regulatory Initiatives for 2000

BIA:

After conducting a preliminary analysis of BIA trust programs in November 1999, BIA program directors and regional directors identified four priority areas of trust resource management for regulatory revision in Calendar Year 2000 (designated as the "first tier"):

- C Leasing and Permitting
- C Grazing
- C Probate
- C Tribal and Individual Funds Held in Trust

The BIA analyzed the four priority trust programs for regulatory review and revision using the initial draft trust principles and the comments on the draft received through tribal consultations. Preliminary policy direction on issues raised during the regulatory drafting process was provided by the Assistant Secretary - Indian Affairs, the Deputy Commissioner of Indian Affairs, and the Principal Deputy Special Trustee in February 2000.

Planned activities include:

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- C Conduct tribal consultations through the National Congress of American Indians (NCAI) tribal leaders task force on trust policy and through local meetings conducted by BIA regional directors and/or agency superintendents.
- C Publish proposed rules for first tier of revisions to trust regulations listed above. Completion expected by June 2000.
- C After close of public comment period, BIA will review and consider comments and amend regulations as appropriate.
- C Publish final rules. Completion expected by December 2000.

After the first tier regulations have been published, the BIA, in consultation with tribes, will evaluate and determine those areas that will be included in successive tiers of revisions of regulations and internal program guidance. Following this determination, a report will be sent to the Trust Policies and Procedures Council by March 2001.

MMS:

In Spring of 2000, MMS expects to publish a final rule that will modify existing regulations for valuing oil produced from Indian leases by decreasing the reliance on posted oil prices. MMS initially proposed the rule on February 28, 1998, and modified that proposal on January 5, 2000. The comment period will close on March 6, 2000. After completing the analysis, MMS may schedule additional revisions to its regulations.

OHA:

By April 30, 2000, OHA will identify those portions of its regulations that need to be revised as interim final rules to accommodate the BIA's assumption of jurisdiction over certain probate cases, which is part of the BIA's "first tier" regulatory initiative during 2000. OHA will publish an interim final rule by June 30, 2000, including a provision informing the public that the BIA attorney decision-makers will also be authorized to make summary distributions. After completing the analysis, OHA may schedule additional revisions to its regulations.

Analyze Departmental Functions Relating to Trust Resources

In consultation with the subproject staff, the Departmental bureaus and offices will analyze their trust program statutes, regulations and internal program guidance to identify changes necessary to assure comprehensive, consistent, up-to-date policies and procedures. The analyses should focus on specific trust management activities viewed against the backdrop of the Department's trust principles. The preliminary list of trust management activities to be examined include:

- C Valuation of trust resources
- C Conservation of trust resources
- C Appeals process
- C Consultation with tribes regarding use and disposition of trust resources

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- C Communication with individual Indian owners of trust resources
- C Prevention of waste, alienation, and trespass
- C Treatment of FOIA requests pertaining to trust resources
- C Identification of new trust resources
- C Protection of trust resources from depletion due to direct or indirect federal action
- C Final agency disposition of trust assets

In consultation with the subproject office, bureaus and offices will prepare reports to the Trust Policies and Procedures Council containing the results of their analyses with proposed schedules for revisions or development of statutory authorities, regulations, and internal program guidance. The BIA's report will identify its second tier of proposed regulations. The bureau and office reports are expected to be completed as follows:

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Agency	Expected Completion
OST	August 2000
OHA	September 2000
BOR	September 2000
USGS	September 2000
BLM	October 2000
OSM	October 2000
MMS	November 2000
FWS	February 2001
NPS	February 2001
BIA	March 2001

Analyze Cross-Cutting Issues and Problems

The subproject office will review the reports submitted to the Trust Policies and Procedures Council to analyze issues that cut across the bureaus and offices, and to identify problems relating to the Department's management of trust programs. The subproject office will present its analyses to the Trust Policies and Procedures Council along with recommendations for resolving any problems. The subproject office will be assisted by the Office of Policy Analysis in working with the bureaus and offices.

For those issues the Trust Policies and Procedures Council determines can be resolved without further study, the subproject office will assist the bureaus and offices to identify statutory authorities, regulations and internal program guidance to be created or amended, including schedules for getting this work accomplished. Based on these schedules, bureaus and offices will revise and/or develop their regulations and internal program guidance. The subproject analysis of Departmental cross-cutting issues and identification of problematic areas to the Trust Policies and Procedures Council is expected to be completed by July 2001.

Develop and Publish Revised Regulations

Bureaus and offices will prepare appropriate revisions to their respective sections of the Code of Federal Regulations. Tribal consultations will be conducted on all draft regulatory proposals prior to publication as proposed rules.

BIA Second Tier: Propose and finalize second tier regulations. Completion date to be determined.

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Schedules for BLM, MMS, OSM, OHA, FWS, BOR, USGS, NPS, OST and additional regulatory actions by BIA beyond those above will be determined based on analysis to be conducted.

About \$1 million is expected to be obligated for this subproject in FY 2000.

Justification of Program Change:

In FY 2001, \$1 million is needed to continue regulatory revisions for implementing consistent internal policies and procedures through internal program guidance, such as manuals, handbooks, directives, or interagency agreements, and to develop additional legislative proposals as appropriate.

The highest priority regulatory projects are identified above, as noted, the BIA will complete its priority projects by December 2000. MMS will complete its priority project by Spring 2000. To the extent that Bureaus identify additional regulatory initiatives, they will be scheduled for revision based on need, with the entire review and revision process complete by June 2004.

TRAINING

Overview:

Lack of adequate training of staff to deliver Indian trust fiduciary responsibilities to American Indians has been cited in numerous Office of the Inspector General (OIG) and General Accounting Office (GAO) reports as a problem area. In addition to an historic lack of adequate training, new trust accounting and asset management systems are being installed to improve the discharge the Secretary's trust responsibilities to those Native American tribes and individual for which the Federal government holds and manages assets in trust. the comprehension and use of which will require a coordinated and specialized training effort.

The objective of the Training subproject is to increase DOI and Tribal trust personnel job performance and inter-organizational effectiveness by providing quality, targeted training to the OST, the BIA, trust land asset management organizations, and Tribal representatives and members centering on TFAS and TAAMS system implementation training, as well as non-system function/task training. The desired result of this training is to provide trust system personnel with the necessary skills to support the fulfillment of the Secretary's trust fiduciary role through specific trust asset management, computer, accounting, investment, policies and procedures, and customer relations training. The outcome of the subproject will be enhanced job performance and improved efficiency of delivery of services to account holders and Indian land owners.

Building on the detailed examination of trust training requirements by OST's contract consultant in 1997, a comprehensive training program to increase DOI and Tribal trust personnel job performance and inter-organizational effectiveness by providing excellent, targeted training to OST, BIA, trust

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land asset management organizations (Land Title Records Offices and other realty personnel), and Tribal representatives and members centering on 1) Function/Task Training and, 2) System Implementation Training is being developed. OST's skilled training contractor is providing general trust and skills training in addition to the systems operation training provided by the contractors installing the new TFAS and TAAMS.

Training will include computer and systems related subjects, accounting, trust, real estate, probates, and other subject matter necessary for those involved in the trust management functions to properly and more efficiently perform their functions. This project will also fund the travel costs for those being trained on TFAS and TAAMS, as needed.

In FY 1999, Macro International, the OST contractor that assisted with the development of the April, 1997 Strategic Plan, surveyed the market for available training courseware. Macro detailed the following as readily available and applicable to trust management personnel needs: Indian Self-Determination & Education Assistance Act, P. L. 93-638; Tribal Constitutions & By Laws; Tribal Court Procedures; Jurisdiction in Indian Country; Tribal Self-Government; Basic Indian Law; various government and privately furnished training courses on management and supervision.

Key activities in FY 2000 are as follows:

C To date, 285 OTFM, 275 BIA staff, 114 Tribal, 30 contractor and 8 Farmington Indian Minerals Office personnel had been trained in the TFAS Systems Implementation Training beyond the initial training targeted for 105 personnel. Training on TFAS has been provided in the Western, Alaska, Pacific, Southwest, Navajo, Eastern, Rocky Mountain, Midwest, and Great Plains Regions. Training for the 3 remaining sites, Eastern Oklahoma, Northwest, and Southern Plains Regions, prior to the planned TFAS deployment dates is planned for March 2000, immediately prior to conversion.

C The BIA, in conjunction with contractors, will provide training in the deployment and implementation of the TAAMS system concurrent and consistent with the TAAMS system deployment as scheduled for each Regional office. The completion date for the training is tied to a final TAAMS deployment schedule.

C Finalize Training Plan for Non-Systems Training.

A final Draft Training Plan was submitted to the OST in December, 1999. The Draft Plan provided recommendations for 28 courses; assessed the availability of existing courses; and developed an Access database of all training organizations providing a matrix of employee position titles for the training audience and courses recommended for each by BIA regional offices. The Plan includes a regional "roll out" of the delivery of courses; and implementation management plan; and recommendations on the types and course mediums to be used by locality. The Plan provided summary data on the participants by region, across the BIA, OST, and Tribal programs, defining the

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training audience. In the listing of 28 courses recommended, all but 2 of these were noted as “off the shelf” and immediately available.

The Draft Plan includes an identification and grouping of providers who met selection criteria such as course length, training objectives, past government training history, through an Access Training Database. It also recommends six regional training sites and target audience locations based on the availability of facilities and the targeted number of participants to be trained. It also includes a proposed “roll out” and management plan to ensure providing the 28 courses for over 4,500 individuals requiring the training.

Based on this, the follow-on effort will focus on identification and selection of resources, vendors, and colleges who will provide the training within the time-frames determined in the final Training Plan. Recommended media delivery systems included desktop manuals, on-line manuals, videotapes, Web Pages, Distance Learning (video/satellite technology), and classroom instruction.

C Develop Courseware Not Available for Non-Systems Training.

In the Draft Training Plan identified only 2 courses not available in the market. The courses to be developed would be tailored to the Indian Trust Management Improvement Project - one focusing on the general topic of Introduction to Trust (providing an overview to basic Indian law, self-determination policies and the P. L. 93-638 process; tribal court procedures, probates, appraisals; budgets; and the responsibilities of OST, BIA and other Interior bureaus and offices). The second course area was Policies and Procedures. Development of this course of instruction is dependent on progress in the Policies and Procedures subproject. For those instances when training will need to be designed and developed, an Instructional Systems Design (ISD) approach has been recommended. The contractor has developed the course syllabus for each of these, including the length of time needed to cover the topic, the mediums available and most suitable, employees to participate in the training, and an agenda of course topics.

C Training Implementation.

Coordination and management of the extensive training effort for BIA, OST, and Tribal employees throughout the nation over the next few years requires a major logistical effort involving many of the following actions:

- C Advertising and publicizing the training to the target audience;**
- C Developing a participant training infrastructure;**

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- C Scheduling and delivering the training;
- C Identifying the training outcomes;
- C Refining and implementing the OST proposed assessment plan ;
- C Conducting periodic evaluations;
- C Revising the training program in accordance with evaluation findings;
- C Developing, scheduling, delivering, and directing remedial/continual training efforts (Phase II Training).

The implementation of the training program is an on-going activity and one that will continuously be reviewed and reassessed throughout this training program. A contractor, aided and monitored by OST and BIA staff, will manage provision of on-going non-system trust management training to trust personnel of BIA, OST, MMS, BLM, OHA and related Departmental Offices.

The training delivery approach involves a two step process. First, there will be an initial deployment of the non-systems training modules, involving an approximate 3 year time frame. The second, or on-going phase of training, involving a more selected set of trust training modules, will commence for trust management staff as a continuing or remedial training effort to cover new employees and update or refresh course materials. This cycle should commence approximately 1 year after the initial non-systems training has been delivered to an individual or region.

While the Training Plan will focus on a prioritized list of labor categories from OST/BIA/Tribes, it is acknowledged that training must also include other staff and organizations involved in trust management, e.g., OHA, MMS, and BLM. Further, as discussed above, the number and type of courses offered is likely to evolve as more is learned about the work force and the direction of trust policies and procedures within Interior.

The Training Subproject will also provide training for specifically targeted functional areas. These courses will be developed as the need arises or as identified throughout the course of the project. For instance, training has been funded for staff engaged in Real Estate Appraisals and for staff involved in overall Trust Funds Management (provided by the Canon Institute). Other courses will be developed and offered on an ongoing basis.

About \$5.2 million is expected to be obligated for these activities in FY 2000.

Justification of Program Change:

\$3 million is requested for the Training program. Additional analysis of training delivery before or after system deployment may reveal the need for supplemental training to reinforce earlier training, particularly as users either become more familiar with the system, or experience delays in deployment schedules. This will be determined on a case-by-case basis and in response to requests by local managers. This task is on-going.

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Based on the schedule developed in FY 2000 Non-Systems Training will continue to be provided in FY 2001.

A second phase of training will be provided on an on-going basis as a continual or remedial training effort. Based on an assessment of the recommended training population, the historical lapse rate of 10% of employees in these positions, feedback from internal reviews of the initial training effort, it is expected that additional training will be required for new employees and to refresh the initial training provided beginning one year after the initial implementation. Remedial training is targeted to begin July, 2001.

While the Training Plan will focus on a prioritized list of labor categories from OST/BIA/Tribes, it is acknowledged that future training may include participants from other organizations, along professional and functional lines. This task provides training for specifically targeted functional areas. These courses will be developed as the need arises or is identified throughout the course of the project. To date, training is planned for Real Estate Appraisals and overall Trust Funds Management (provided by the Canon Institute). Other courses will be developed and offered on an on-going basis.

Training is a particularly critical element of the TMIP, because of the disparate and decentralized practices used to support the old systems. For example, the current BIA IRMS system was never fully implemented in part because of a lack of understanding in field locations about how to utilize the system. The failure to provide the necessary resources for user training of the new systems being implemented - TFAS and TAAMS - would create a risk of failure of these needed reform efforts.

The decrease is anticipated as review and updating of the training needs assessment, development of the curriculum, determination of appropriate training approaches, and development of courseware, is expected to be completed within the time frames established through the Secretary's High Level Implementation Plan Trust Management Improvement Project processes. Scheduling and delivery of non-systems training through Fiscal Year 2001 is envisioned as an on-going requirement based on the training model.

INTERNAL CONTROLS / CONSULTING

Overview:

For decades, Tribes and individual Indians have voiced concerns over the Department's management and accountability for their trust funds and the overall management of natural resources.

Reviews conducted over the past 15 years by the GAO, the DOI's Inspector General, and independent accounting firms have confirmed the Indians concerns and identified serious financial management and internal control problems permeating every aspect of the trust management spectrum. These audit and external oversight findings and recommendations have focused on

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serious internal control problems and variances in program operations ranging from a lack of standardized policies, practices and procedures to the inability to confirm cash balances, and major inadequacies in accounting records and related systems, lack of segregation of duties and deficiencies in field operation and management areas including collections and disbursements of Indian trust funds.

The objectives of the Internal Controls subproject are twofold. First, to systematically address current and historically documented internal control issues to ensure the resolution of cited deficiencies across the entire trust management spectrum within the Department. A comprehensive mapping and indexing of reported deficiencies, and their relation to specific or new improvement action plans is underway. Second, to design and implement a comprehensive Trust Risk Management Program to monitor and evaluate the effectiveness of trust operations across the Department.

The implementation of actions specified under the other ten HLIP subprojects is expected to successfully resolve identified internal control problems and improve DOI trust management.

Examples of some tasks scheduled for FY 2000 are as follows:

C Develop Organization and Staffing Proposal.

A Risk Management Analyses Office will be based in Albuquerque, New Mexico, and report directly to the Office of the Special Trustee. It will annually perform or direct field level reviews and provide technical assistance for Indian Trust Operations at all OST, BIA, Tribal, MMS, BLM, and OHA offices. It will apply traditional trust risk management techniques in its reviews and analyses of Indian Trust Policies, Procedures, and Systems development and operations using multi-disciplinary teams. It will coordinate and partner with current oversight staff in OST, BIA, MMS, BLM, and the OIG as appropriate. On an annual basis, the field level review and analyses results will be consolidated to provide a Department-wide Risk Management assessment for Indian Trust Management operations. The staff will include specialists in trust, range, forestry, mineral, and land and water operations, as well as auditors and computer specialists. In FY 2000, one team will be recruited, with additional teams recruited in FY 2001.

C Inventory and Catalogue Internal Controls in TFAS, TAAMS, and MMS Systems.

The system design concepts for TAAMS and TFAS include appropriate features for internal systems controls and should work effectively when implementation is complete. To fashion a complete and comprehensive risk management review program, an in-depth knowledge and understanding of the resident internal controls designed into these systems will be compiled and documented by the Risk Management Review Staff working directly with contractors.

C Publish Final Risk Management Program Handbook.

It is planned to conduct some form of review at least annually of every location/activity involved in trust fund management operations. This will be done through monitoring and oversight by the Risk Management Office and varying levels of detailed field reviews. Many of the reviews will need to be performed by field office program staff and others possibly on special assignments. To ensure consistency in approach, coverage, and reporting, a handbook for use by all organizations and staff assigned to conduct risk reviews will be published.

About \$1.8 million is expected to be obligated for these activities in FY 2000.

Justification of Program Change:

A total of \$2.9 million is requested for Internal Controls / Consulting in FY 2001. This amount and the associated resources currently in OTFM's Branch of Field Review, and an outside audit contract will provide the core for a Risk Management program. This risk management program will include all Departmental organizations involved in DOI trust functions, including OST, BIA, MMS and BLM.

During the initial phases of implementation, corrective actions must be verified and procedures developed and implemented to prevent recurrence of deficiencies. In later phases, an overall Risk Management Program will be developed to ensure; (1) continued monitoring of specific internal control practices and; (2) programs and practices are installed to verify the revenue from the vast trust resources managed by the Department is reasonable. Item 2 requires the development of audit and compliance process to validate the reasonableness of the value of the resources sold. Presently, only subsurface mineral revenues are regularly audited by the Department. Periodic evaluations of the management of other resources have been done in the past by the Inspector General. The latter disclosed the need for a more systematic evaluation process for surface resource revenues and leasing and sales. New programs and capabilities in the private sector will be analyzed to determine how these entities, for example, ensure they are receiving reasonable value for such resources as timber and agricultural activities. Funding needs are estimated as follows:

- C** \$2.2 million is required in FY 2001 hire additional staff and to implement and oversee an internal controls program, meeting Departmental and trust/finance requirements. Based on the action plans submitted by program managers to address the internal control weaknesses identified, the OST will oversee implementation and provide continuing quality assurance to prevent relapses. Adjustments to the plan will be made as needed through this process. In order to ensure compliance with internal control remedial measures and the quality assurance program, continuous monitoring and renewal of relevant policies and procedures will be required.

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Successful accomplishment of the goals of this sub-project, many of which involve monitoring and evaluating the sufficiency of resolution of internal control weaknesses in most other sub-projects, coupled with the implementation of a system and process for monitoring future trust management activities will constitute the needed quality assurance processes and programs necessary for the Department to self assess its Indian trust management activities. The OST will oversee implementation steps for remedial actions and, through the establishment and operation of a formal risk management assessment program, provide a continuing quality assurance presence to prevent relapses.

- C \$750,000 is needed to continue dedicated to contracts for project management, implementation, oversight and advisory services for the various projects OST and BIA are implementing including TFAS and TAAMS. Outside advisors are needed for quality control activities, assistance in evaluating contract proposals, assistance in development of systems requirements, and oversight of various contracted operations.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**Employee Count by Grade
(Total Employment)**

		1999	2000	2001
		Actual	Estimate	Estimate
Executive Level II		<u>0</u>	<u>1</u>	<u>1</u>
	Subtotal	<u>0</u>	<u>1</u>	<u>1</u>
ES-6		0	1	1
ES-5		1	1	1
ES-4		1	1	1
ES-3		2	2	2
ES-2		1	0	0
	Subtotal	<u>5</u>	<u>5</u>	<u>5</u>
GS/GM-15		13	13	15
GS/GM-14		19	21	25
GS/GM-13		33	35	37
GS/GM-12		38	38	40
GS/GM-11		15	15	15
GS/GM-9		14	16	20
GS/GM-8		2	2	2
GS/GM-7		39	41	46
GS/GM-6		44	48	49
GS/GM-5		77	85	85
GS/GM-4		39	39	39
GS/GM-3		6	6	6
	Subtotal	<u>339</u>	<u>359</u>	<u>379</u>
Total employment (actual/projected) at end of fiscal year		<u><u>344</u></u>	<u><u>365</u></u>	<u><u>385</u></u>

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**Summary of Budget Authority by Object Class**
(dollars in thousands)

Object Class	2000 Estimate	Uncontroll- able & Related Changes	Program Changes	2001 Request
Full Time Permanent	15,471	+350	+1,718	17,539
Other Full Time Permanent	1,240	+89	0	1,329
Other Personnel Compensation	510	0	0	510
<i>Total Personnel Compensation</i>	<i>17,221</i>	<i>+439</i>	<i>+1,718</i>	<i>19,378</i>
Civilian Personnel Benefits	3,940	+52	0	4,373
<i>Total Personnel Benefits</i>	<i>3,940</i>	<i>+52</i>	<i>0</i>	<i>4,373</i>
Travel & Transportation of Persons	2,081	0	-217	1,864
Transportation of Things	78	0	0	78
Comm, Util, and Misc. Charges	2,140	+32	+310	2,482
Printing & Reproduction	123	0	+15	138
Other Services	60,941	+57	-8,216	52,782
Supplies & Materials	380	0	+27	407
<i>Total Contractual Services & Supplies</i>	<i>65,743</i>	<i>+89</i>	<i>-8,081</i>	<i>57,751</i>
Equipment	2,819	0	-1,995	824
Grants, subsidies & other contrib.	302	0	0	302
Total Budget Authority	<u>90,025</u>	<u>+580</u>	<u>-7,977</u>	<u>82,628</u>

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Office of the Special Trustee for American Indians

(in million of dollars)

	Program and Financing		FY 2000 Est	FY 2001 Est
	Obligations by program activity			
1	Executive direction [GPRA]	2	2	2
2	Program operations, support, and improvements [GPRA]	56	107	81
1000	Total obligations	58	109	83
	Budgetary resources available for obligation			
2140	Unobligated balance available, start of year	21	21	0
2200	New budget authority (gross)	57	90	83
2210	Resources available from recoveries of prior year obligations	1	0	0
2221	Unobligated balance transferred to other accounts (14-2100)	0	-1	0
2221	Unobligated balance transferred to other accounts (14-1917)	0	-1	0
2390	Total budgetary resources available for obligation	79	109	83
2395	New obligations	-58	-109	-83
2440	Unobligated balance available, end of year	21	0	0
	New budget authority (gross), detail			
	Discretionary			
4000	Appropriation	61	90	83
4100	Transferred to other accounts [14-0107]	-1	0	0
4100	Transferred to other accounts [14-0102]	-3	0	0
4300	Appropriation (total discretionary)	57	90	83
7000	total new budget authority (gross)	57	90	83
	Change in unpaid obligations			
7240	Obligated balance, start of year	14	27	35
7310	Total new obligations	58	109	83
7320	Total outlays (gross)	-43	-101	-85
7345	Adjustments in unexpired accounts	-1	0	0
7440	Obligated balance, end of year	27	35	33
	Outlays (gross), detail			
8690	Outlays from new discretionary authority	43	63	58
8693	Outlays from discretionary balances	0	38	27
8700	Total outlays (gross)	43	101	85
	Net budget authority and outlays			
8900	Budget authority	57	90	83
9000	Outlays	43	101	85

Note: Outlays reflected in FY 2000 in the schedule above reflect +\$2 million more than is reflected in MAX tables due to rounding

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**Office of the Special Trustee for American Indians**

(in million of dollars)

	14-0120-0-1-306	FY1999 Actual	FY 2000 Estimates	FY 2001 Estimates
	Object Classification			
	Personnel compensation			
1111	Full-time permanent	11	15	17
1113	Other than full-time permanent	2	2	2
1119	Total personnel compensation	13	17	19
1121	Civilian personnel benefits	3	4	4
1210	Travel and transportation of persons	1	2	2
1231	Rental payments to GSA	1	1	1
1233	Communications, utilities	0	1	1
1252	Other services	21	53	30
1253	Purchases of goods and services from Government accounts	17	27	24
1310	Equipment	1	3	1
1990	Subtotal, Direct obligations	57	108	82
9995	Below reporting threshold	1	1	1
9999	Total obligations	58	109	83

	Personnel Summary	FY1999 Actual	FY 2000 Estimates	FY 2001 Estimates
	Direct			
	Full-time equivalent employment	312	346	366

Appropriation Language Sheet

Office of the Special Trustee for American Indians

General and special funds

INDIAN LAND CONSOLIDATION PILOT

For implementation of a [pilot] program for consolidation of fractional interests in Indian lands and expenses associated with redetermining and redistributing escheated interests in allotted lands by direct expenditure or cooperative agreement[\$5,000,000] \$12,501,000 to remain available until expended and which [shall] may be transferred to Bureau of Indian Affairs and Departmental Management [of which not to exceed \$500,000 shall be available for administrative expenses]: *Provided*, That the Secretary may enter into a cooperative agreement which shall not be subject to Public Law 93-638 as amended, with a tribe having jurisdiction over the [pilot] reservation to implement the program to acquire fractional interests on behalf of such tribe: *Provided further*, That the Secretary may develop a reservation-wide system for establishing the fair market value of various types of lands and improvements to govern the amounts offered for acquisitions of fractional interests: *Provided further*, That acquisitions shall be limited to one or more [pilot] reservations as determined by the Secretary: *Provided further*, That funds shall be available for acquisition of fractional interests in trust or restricted lands with the consent of its owners and at fair market value, and the Secretary shall hold in trust for such tribe all interests acquired pursuant to this [pilot] program: *Provided further*, That all proceeds from any lease resource sale contract, right of way or other transaction derived from the fractional interest shall be credited to this appropriation, and remain available until expended, until the purchase price paid by the Secretary under this appropriation has been recovered from such proceeds: *Provided further*, That once the purchase price has been recovered, all subsequent proceeds shall be managed by the Secretary for the benefit of the applicable tribe or paid directly to the tribe. (*Department of the Interior and Related Agencies Appropriation Act, 2000, as enacted by section 1000(a)(3) of the Consolidated Appropriation Act, 2000 (P. L. 106-113)*)

Appropriation Language Citations

Appropriation: Indian Land Consolidation

1. For implementation of a program for consolidation of fractional interests in Indian lands

25 U.S.C. 465 provides authority for the Secretary to acquire, through purchase, relinquishment, gift, exchange, or assignment, any interest in lands, water rights, or surface rights to lands...there is authorized to be appropriated...a sum not to exceed \$2,000,000 in any one fiscal year.

The remaining authority to conduct the program at the level of funds provided is authorized in this Appropriation Act.

Justification of Proposed Language Changes
Indian Land Consolidation

1. Deletion: “pilot”

The Department proposes that the designation of this program as a pilot be deleted. The initial language both authorized and funded a pilot program to consolidate fractional interests in Indian lands. The language authorized the pilot program to be executed by the Bureau of Indian Affairs (BIA) or by a tribe, through a cooperative agreement.

2. Addition: “and expenses associated with redetermining and redistributing escheated interests in allotted lands”

This language authorizes the Secretary to pay administrative costs associated with the re-determination and re-distribution of ownership interests that escheated to tribes under the 1983 Indian Land Consolidation Act. This escheat provision was found unconstitutional.

3. Deletion: “shall” Addition: “may”

4. Addition: “and Departmental Management”

This language provides authority for the Secretary to utilize some of the funds for land consolidation related to expenses associated with redetermining and redistributing escheated interests in allotted lands in the Office of the Special Trustee (OST) and Office of Hearings and Appeals (OHA). The FY 2000 Appropriation Act (P.L.106-113) directs that all funds appropriated to OST under the Indian Land Consolidation account be transferred to the BIA. The BIA has sole programmatic responsibility for this activity. The President’s 2001 Budget continues to propose the Indian Land Consolidation Account under the OST. The proposed 2001 appropriation language would authorize additional activities, specifically, expenses associated with redetermining and redistributing escheated interests in allotted Indian lands. While most of these funds are expected to be transferred to the BIA in 2001, the Department has requested authority to transfer funds to Departmental Management in the event the OHA requires funding to support this activity. Additionally, OST may have some costs related to this activity, and, accordingly, some funds may remain in OST.

5. Deletion: “of which not to exceed \$500,000 shall be available for administrative expenses”

This language removes the limitation on administrative expenses due to the additional activities proposed to be funded under this appropriation in 2001 (i.e., redistributing escheated interests).

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**Account:** Indian Land Consolidation

Activity		2000 Estimate	Uncontrollable and Related Changes (+/-)	Program Changes (+/-)	2001 Budget Request	Change From 2000 (+/-)
Indian Land Consolidation	\$(000)	5,000		+7,501	12,501	+7,501

Activity / Sub-activity Narrative

In FY 1999, the BIA established a pilot program to implement a land acquisition program to acquire and consolidate fractionated ownership interests of trust and restricted lands. Fractionated ownership of allotted Indian lands increases the Federal Government's costs to administer and manage the trust and restricted lands and reduces the lands' economic value for the Indian owners due to the inefficiencies caused by multiple ownership and its resulting multiple owner decision making. It is estimated that approximately 80 percent of the BIA's real estate services budget is spent on administering 20 percent of the trust and restricted lands. The BIA expects reductions in the cost of administering the various types of trust land and resource transactions as well as the costs of maintaining current ownership and title records through this program. Additionally, this program will ensure the timely distribution of trust income to the owners by reducing the number of owners for whom funds need to be distributed. Three reservations (Bad River, La Courte Oreilles and Lac du Flambeau) within the Midwest Regional Office jurisdiction were selected for the pilot. FY 2000 funding of \$5 million for this activity will continue to be used at the pilot reservations within the Regional Office. Consideration will be given to the possibility of expanding program to another region.

During the six months preceding the end of FY 1999, the BIA had acquired approximately 8,000 undivided fractionated interests, comprising approximately 4,000 acres, at a cost of approximately \$1.8 million. Through January 31, 2000 17,452 interests were acquired, comprised of 9,700 acres, for \$4.2 million; of which, 90 percent were less than 2 percent interest(s). This eliminated 408 probates and Individual Indian Monies (IIM) accounts. It has been estimated that it costs between \$1,500 to \$2,000 to probate and finalize a deceased Indian's estate and approximately \$40 per year per account to maintain an IIM account (systems costs only). The BIA expects to acquire about 19,000 additional fractional interests by the end of 2000.

Narrative for Justification of Change:

A total increase of \$7.5 million is requested in FY 2001 for the following:

- C \$2.5 million to pay administrative costs associated with the re-determination and re-distribution of ownership interests.

- C \$5,001,000 to continue funding the acquisition program within the BIA's Midwest Regional Office and potentially acquire *Youpee* interests.

In 1983, the Congress enacted the Indian Land Consolidation Act (ILCA) which provided that undivided interest of 2 percent or less in allotted trust and restricted land and earned less than \$100 to the decedent in the year preceding the decedent's death would escheat to the Tribe having jurisdiction of such land. This escheat provision was held unconstitutional (taking without compensation) in *Irving v. Hodel*. ILCA was amended in 1984 to address the constitutionality issue, however, the amended escheat provision was also challenged. In *Youpee v. Babbitt*, the United States Supreme Court ruled that the interests which passed to the tribe by the amended escheat pursuant to ILCA was an unconstitutional taking of lands without compensation. On February 19, 1999, the Secretary of the Interior ordered the return of the escheat interests to the estates of the decedents who previously owned the interests and directed the BIA to distribute the interests to the legal heirs and devisees. The BIA has identified approximately 178,000 interests from more than 13,000 estates that need to be distributed.

Redetermining and redistributing these interests will require one or more of the following actions: (1) Office of Hearing and Appeals (OHA) issuing modifications when the heirs or devisees were legally determined within the original probate orders; (2) OHA issuing probate orders when the interests were escheated directly to the Tribes without a determination of the legal heirs or devisees; (3) the BIA and OHA processing of subsequent probates for heirs or devisees who may have expired during the escheat period; (4) the BIA changing the land ownership records at its Land Records and Title Offices; (5) the BIA changing the agency records, e.g. lease payments; (6) the BIA and OST determining income derived from ownership since 1983; and, (7) developing viable methods of reimbursing the legal heirs or devisees of monies paid to Tribes during the escheat period.

These programs support the BIA's strategic goal to ensure the trust responsibility to protect and preserve trust lands and resources. It also supports the OST's strategic goal to protect and preserve Indian trust assets and collect and accurately account for income due beneficiaries.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS**INDIAN LAND CONSOLIDATION**

(in million of dollars)

	Program and Financing		FY 2000 Est	FY 2001 Est
	Obligations by program activity			
1	Land Consolidation	2	8	13
1000	Total obligations	2	8	13
	Budgetary resources available for obligation			
2140	Unobligated balance available, start of year	0	3	0
2200	New budget authority (gross)	5	5	13
2390	Total budgetary resources available for obligation	5	8	13
2395	New obligations	-2	-8	-13
2440	Unobligated balance available, end of year	3	0	0
	New budget authority (gross), detail			
	Discretionary			
4000	Appropriation	5	5	13
7310	Total new obligations	2	8	13
7320	Total outlays (gross)	-2	-8	-12
8690	Outlays from discretionary authority	2	5	12
8700	Total outlays from discretionary authority (gross)	2	8	12
	Net budget authority and outlays			
8900	Budget authority	5	5	13
9000	Outlays	2	8	12

Tribal Special and Trust Funds**Office of the Special Trustee
Tribal Trust and Special Funds**
(dollars in thousands)

Subactivities		2000 Estimate	Uncontrollable and Related Changes (+/-)	Program Changes (+/-)	2001 Budget Request	Change From 2000 (+/-)
Tribal Special Fund	\$(000)	59,722	0	-29,311	30,411	-29,311
Tribal Trust Fund	\$(000)	31,110	0	+1,829	32,939	+1,829

Budget authority for the trust and special funds is equal to the receipts of such funds. Receipts generally include appropriations from the general fund, investment income, and proceeds (i.e., maturities, sales) from investments in non-treasury securities. As of October 1, 1999 about 87% of the balances were invested in non-treasury securities. Investments in non-treasury securities are recorded as an outlay upon purchase. FY 2000 budget authority includes receipts of \$31 million for a one-time correction in the classification of the Papago Cooperative Fund; the fund has been reclassified from a trust to a special fund.

Overview**Budgetary Reclassification of Tribal Trust Funds.**

Beginning in FY 2000, a significant change occurred in the budgetary classification of tribal trust funds. On October 1, 1999, \$1.9 billion in tribal trust funds were reclassified to non-budgetary accounts. This change specifically acknowledges tribal ownership of these trust funds, a fact that has long been acknowledged in the Secretary's day-to-day management of these funds. Additional amounts may be reclassified as non-budgetary as OMB and the Department complete the reclassification process. As of October 1, 1999, \$682 million in tribal trust fund investment balances remained classified as budgetary. In addition, several Treasury budgetary accounts were consolidated, reducing the number of accounts from nine to two.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

The following table provides a breakdown of the trust fund investment balances as of 10/1/99:

(dollars in millions)		
Type of Tribal Fund	Number	Amount
To remain on-budget (derived from legislative acts and for Government obligations):		
Special Funds	13	520
Trust Funds	16	162
Subtotal	29	682
Reclassified as non-budgetary:		
Funds with assets derived from tribe-owned natural resources	631	240
Funds funded by judgments against the United States	700	1,260
Funds derived from legislative acts and for Government obligations	50	400
Subtotal	1,381	1,900
TOTAL	1,410	2,582

All funds derived from revenues generated by tribe-owned natural resources and those funded by judgments against the United States Government have been reclassified as non-budgetary. Funds derived from legislative acts are classified as either budgetary or non-budgetary. Beginning in 1998, the Department has worked with OMB to determine the appropriate budgetary classification of each of these funds.

The funds that remain in the budget fall into a few broad categories. About \$386 million were derived from Federal legislation that created a corpus (principal amount) and provided that only interest accruing on the corpus is available for obligation. Since tribes do not have access to the corpus, and the fund was not established to settle a valid legal claim against the Government, the question of ownership of the corpus is raised. The classification of these funds has not been determined, and OMB and the Department will review the legislation that established each of these funds to determine ownership of the corpus. If it is determined that the tribe owns the corpus, then the funds will be removed from the budget totals. Otherwise, the funds will remain in the budget.

About \$178 million of the funds in this category are for legislative settlements for which certain conditions must be met before ownership transfers to the tribes. For example, tribes are sometimes required to execute a waiver of claims and appropriate releases that must be approved by the relevant Courts. Until these conditions are met, the funds are the property of the Federal Government and are included in the budget. After these conditions are met, the funds will be disbursed to the appropriate tribal fiduciary fund, which will be recorded as budget outlays.

The balance of the funds included in the budget consist of the following: \$58 million that has not been reviewed by OMB and Interior, \$52 million to carry out Secretarial obligations under legislative settlements (e.g., to construct dams, deliver water, and pay penalties); \$6 million earmarked for education grants; and \$2 million for gifts and bequests.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

The budgetary funds are included in either a budgetary special fund account or trust fund account. The distinction between a special and a trust fund is purely technical from a budgetary standpoint; if the law creating the fund delineates it as a “trust fund,” it is included in the trust fund account. If the law designates the fund as something other than a trust fund (e.g., a “development fund”) it is included in the special fund account.

Tribal Special Fund.

The Tribal Special Fund account includes some or all of the balances of seven funds established by six legislative acts. Two funds have yet to be classified; two provide funding to implement Secretarial obligations; and remaining three require certain conditions be met by the tribes before ownership is transferred. A description of each of the funds according to their current budget classification follows:

Funds Not Yet Classified:

1. *Three Affiliated Tribes and Standing Rock Sioux Tribe Equitable Compensation Act (Public Law 102-475)*

The Act provided additional compensation to the Three Affiliated Tribes for the taking of land related to the construction of the Garrison Dam and Reservoir and the Standing Rock Sioux Tribe for the taking of land related to the construction of the Oahe Dam and Reservoir. The funds are fully capitalized, and no additional appropriations are authorized. Beginning in FY 1998, interest earned on the fund’s principal became available for the Tribes’ economic development, education, and social services programs. Principal distributions are prohibited; principal must be retained in the U.S. Treasury. The budgetary classification of this fund has not yet been determined.

2. *The Ute Indian Water Rights Settlement (Title V of Public Law 102-575)*

A total of \$198.5 million (in January 1991 dollars) is authorized for the settlement of the Tribe’s water rights claims; the Act authorized funding for several activities. Funds appropriated under BIA’s Indian Land and Water Claims Settlement account for the Ute Settlement have been outlayed to OST trust fund accounts. The total funding authorized for the settlement is divided as follows:

- C Section 504 of the Act authorizes \$45 million, payable in three installments, for Tribal farming operations.
- C Sections 505(a), (b), (c), and (f) authorize \$28.5 million for reservoir, stream, habitat, and road improvements.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

- C Section 506(a) authorizes \$125 million for the Ute Tribal Development Fund, payable in three equal installments annually. Payments of lesser amounts than described are subject to an adjustment of interest income that would have been earned on the unpaid amount.

The budgetary classification under Sections 504 and Sections 505 has not yet been determined. Funds appropriated under section 506 have been classified as non-budgetary.

Funds to Implement Secretarial Obligations:

3. *Settlement Agreement between Pueblo de Cochiti and the U.S. Corps of Engineers (Public Law 102-358)*

In FY 1994, the Army Corps of Engineers transferred \$4,449,100 pursuant to P. L. 102-358 to fund the Interior's responsibilities under the settlement agreement between the Cochiti Tribe, the Corps, and Interior. Under P. L. 102-358, the Secretary of the Interior is responsible for maintenance, repair, and replacement of a drainage system constructed by the Corps of Engineers for the Cochiti Pueblo. This special fund is a sinking fund with a life expectancy of 50 to 100 years. Funds are invested and principal and interest may be used. It is estimated that it will cost approximately \$50,000 per year to operate and maintain the drainage system.

4. *Southern Arizona Water Rights Settlement Act (Title III of Public Law 97-293)*

The Southern Arizona Water Rights Settlement Act established a Cooperative Fund to provide a source of funds to carry out the obligations of the Secretary under sections 303, 304, and 305 of the settlement (e.g., costs to deliver water and damages). Only interest accruing to the fund may be expended.

Funds Pending Disbursement to Tribes upon Fulfillment of Certain Conditions:

5. *Truckee-Carson-Pyramid Lake Water Rights Settlement Act (Public Law 101-618)*

This Act authorized funding for a number of activities for the benefit of the Pyramid Lake Paiute Tribe, including \$25 million for the Pyramid Lake Fisheries Fund and \$40 million for the Pyramid Lake Economic Development Fund. Both of these funds have been fully appropriated under BIA's Indian Land and Water Claims Settlement account, and all funds have been outlayed to OST trust fund accounts.

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The Fisheries Fund has been classified as non-budgetary as all conditions prerequisite to tribal ownership have been met. As of October 1, 1999, a number of conditions necessary to transfer the Economic Development Fund to tribal ownership have yet to be met; hence these funds remain in budgetary accounts. Once these conditions are met, balances in the trust fund will be outlayed to a non-budgetary tribal fiduciary fund. This outlay will occur when the negotiations of the Operating Agreement are complete and the agreement is effective.

6. *San Luis Rey Indian Water Rights Settlement Act (Public Law 100-675)*

This Act provided for the settlement of the reserved water rights claims of the La Jolla, Rincon, San Pasqual, Pauma, and Pala Bands of Mission Indians in San Diego County California.

Section 105 of the Act established the San Luis Rey Tribal Development Fund and authorized \$30 million plus interest from enactment to be appropriated to the Fund. All authorized funds were appropriated and outlayed to a trust account managed by OST. Both the interest and the principal in the fund are available to the Indian Water Authority at its request following execution of a settlement agreement, judgments, and other final dispositions. The Indian Water Authority is an intertribal entity established by the five Indian bands. In 1998, the Act was amended by P.L. 105-256 which authorized and directed the disbursement of \$8 million in the fund prior to final settlement.

Because a final settlement has not been reached, these funds continue to be included in a budgetary account.

Tribal Trust Fund.

The Tribal Trust Fund account includes some or all of the balances of eight funds authorized under six legislative acts, as well as gifts and bequests. Two of the funds have yet to be classified; one provides funding to implement Secretarial obligations; two require that certain conditions must be met before ownership of the fund transfers to the tribe; and one earmarks federal receipts for education grants. A description of each of the funds follows:

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Funds Not Yet Classified:

1. *The Crow Creek Sioux Tribe Infrastructure Development Trust Fund Act (Public Law 104-223)*

This Act provided additional compensation to the Crow Creek Sioux Tribe for the taking of land related to the construction of the Fort Randall and Big Bend dams. In FY 1997, \$27.5 million was deposited into the Fund. The fund is fully capitalized, and no additional appropriations are authorized. The interest earned from the invested principal is available for payment to the Tribe for tribal educational, health care, recreational, and other projects. Principal distributions are prohibited; principal must be retained in the U.S. Treasury. The budgetary classification of this fund has not yet been determined.

2. *Lower Brule Sioux Tribe Infrastructure Development Trust Fund (Public Law 105-132)*

This Act provided additional compensation to the Lower Brule Sioux Tribe for the taking of land related to the construction of the Fort Randall and Big Bend dams. In FY 1998, \$39.3 million was deposited in the fund. The fund is fully capitalized, and no additional appropriations are authorized. The interest earned from the invested principal is available for payment to the Tribe for tribal educational, health care, recreational, and other projects. Principal distributions are prohibited; principal must be retained in the U.S. Treasury. The budgetary classification of this fund has not yet been determined.

Funds to Implement Secretarial Obligations:

3. *Northern Cheyenne Indian Reserved Water Rights Settlement Act (Public Law 102-374)*

This water rights settlement ratified the compact entered into by the Northern Cheyenne Tribe and the State of Montana, and authorized funding for a number of activities, including:

- C Tribal Funds, for use by the tribe, a total of \$21.5 million between 1995 and 1997.
- C Tongue River Dam, for use by the State of Montana and the Secretary to construct the Tongue River Dam, a total of \$31.5 million between 1993 and 1997; the authorization is indexed.
- C Fish and Wildlife Enhancement, for expenditure by the Secretary, a total of \$3.5 million between 1996 and 1997; the authorization is indexed.

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- C Environmental Compliance, indefinite authorization (period and amount) to carry out environmental compliance requirements of the Compact. Funding of environmental costs is the sole responsibility of the United States. Up to \$625,000 can be expended by the Secretary on fish and wildlife mitigation costs associated with the Tongue River Dam.

The Tribal Funds component of the settlement has been classified as non-budgetary; the remaining components have been classified as budgetary as funds are for implementing Secretarial obligations.

Funds Pending Disbursement to Tribes upon Fulfillment of Certain Conditions:

4. *San Carlos Apache Tribe Water Rights Settlement (Title XXXVII of Public Law 102-575)*

This water rights settlement approved, ratified and confirmed an agreement between the United States, the San Carlos Tribe and neighboring non-Indian communities in order to settle water disputes. As part of the settlement, the San Carlos Apache Tribe Development Trust fund was established, and \$38.4 million was authorized to be appropriated. The fund is fully capitalized, and no additional appropriations are authorized. Funds in the trust fund may not be used until the settlement has become effective. As of October 1, 1999 funds were classified as budgetary. On December 28, 1999, the agreement became effective, and therefore funds will be outlayed to a non-budgetary tribal fiduciary fund.

5. *Zuni Land Conservation Act (Public Law 101-486)*

This Act established the Zuni Indian Resource Development Trust Fund, with an authorization to appropriate \$25 million to the fund. A total of \$25 million was appropriated between FY 1992 and FY 1994. A maximum of \$8 million of the corpus of the trust fund can be expended on specified purposes delineated in the Act. Interest and investment income on the balance of the trust corpus may be expended by the Secretary pursuant to the Zuni Resource Management Plan. The Act requires that funds appropriated to this fund be offset against any judgment entered in favor of the Zuni Tribe in dockets 327-81L and 224-84L, of the United States Claims Court. If a judgment is entered in favor of the Zuni Tribe in these dockets, and is offset by these appropriations, this trust fund will be outlayed to a non-budgetary fiduciary fund.

Funds Earmarked for Education Grants:

6. *Arizona – Florida Land Exchange (Title IV of Public Law 100-696)*

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The Act ratified an exchange of Federal land in Arizona for acreage in Florida owned by a private family plus a cash payment from the family. The Arizona property included a boarding school for Indian students that was run by the Government. However, the property was not held in trust for any Tribe. The Act establishes the Arizona InterTribal Trust Fund and the Navajo Tribal Fund and requires the cash payment from the private family to be split between the two trust funds, each receiving 95 percent and 5 percent, respectively. Use of the money is subject to appropriations and is available to pay for supplemental educational and child welfare programs, activities, and services. An amount equal to 5% of the Trust Income from the preceding year is to be paid annually to the governing bodies of the Tribes. Such payments are to be used for education, child-welfare, community development, and general administrative purposes. This is a permanent appropriation. The Secretary is authorized to make grants from remaining income from the trust funds, subject to appropriation, to the Tribes or public school districts on or near the reservations of the Navajo tribe and tribes of the InterTribal Council of Arizona.

Gifts and Bequests:***Funds Contributed for the Advancement of Indians:***

This program accounts for any contributions, donations, gifts, etc., which are to be used for the benefit of American Indians in accordance with the donors wishes (82 Stat. 171).

Bequest of George Edgeter:

This program consists of a bequest, the principal of which is invested in U.S. Treasury bonds and notes, and the interest is to be used for the relief of American Indians (82 Stat. 171), as specified by the donors wishes.

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Tribal Special Fund

(dollars in millions)

		FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
	Unavailable Collections (N)			
	Receipts			
201	Proprietary receipts from the public	0	22	23
202	Earnings on investments	0	4	4
203	Return of principal from private sector investments	0	3	3
204	Trust fund payments	0	31	0
299	Total receipts	0	60	30
	Appropriation			
501	Tribal special fund	0	-60	-30
799	Total balance, end of year	0	0	0
	Program and Financing (P)			
	Obligations by program activity			
1000	Total new obligations (object class 41.0)	0	30	30
	Budgetary resources available for obligation			
2140	Unobligated balance available, start of year	0	0	30
2200	New budget authority (gross)	0	60	30
2390	Total budgetary resources available for obligation	0	60	60
2395	Total new obligations	0	-30	-30
2440	Unobligated balance available, end of year	0	30	30
	New budget authority (gross), detail			
	Mandatory			
6025	Appropriation (special fund, indefinite)	0	60	30
	Change in unpaid obligations			
7310	Total new obligations	0	30	30
7320	Total outlays (gross)	0	-30	-30
	Outlays (gross), detail			
8690	Outlays from new discretionary authority	0	0	0
8693	Outlays from discretionary balances	0	0	0
8697	Outlays from new mandatory authority	0	30	30
8698	Outlays from mandatory balances	0	0	0
	Net budget authority and outlays			
8900	Budget authority	0	60	30
9000	Outlays	0	30	30
	Memorandum (non-add) entries			
9201	Total investments, start of year: U.S. securities: Par value	0	0	44
9202	Total investments, end of year: U.S. securities: Par value	0	44	14

FY 2001 BUDGET JUSTIFICATION OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Tribal Trust Fund

(dollars in millions)

		FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
	Unavailable Collections (N)			
	Receipts			
0203	Interest on investments in GSEs	0	6	6
0204	Return of principal from private sector investments	0	25	27
0299	Total receipts	0	31	33
	Appropriation			
0501	Tribal trust fund	0	-31	-33
0799	Total balance, end of year	0	0	0
	Program and Financing (P)			
	Obligations by program activity			
1000	Total new obligations (object class 41.0)	0	31	33
	Budgetary resources available for obligation			
2200	New budget authority (gross)	0	31	33
2395	Total new obligations	0	-31	-33
	New budget authority (gross), detail			
	Mandatory			
6025	Appropriation (special fund, indefinite)	0	31	33
	Change in unpaid obligations			
7310	Total new obligations	0	31	33
7320	Total outlays (gross)	0	-31	-33
	Outlays (gross), detail			
8690	Outlays from new discretionary authority	0	0	0
8693	Outlays from discretionary balances	0	0	0
8697	Outlays from new mandatory authority	0	31	33
8698	Outlays from mandatory balances	0	0	0
	Net budget authority and outlays			
8900	Budget authority	0	31	33
9000	Outlays	0	31	33
	Memorandum (non-add) entries			
9201	Total investments, start of year: U.S. securities: Par value	0	0	107
9202	Total investments, end of year: U.S. securities: Par value	0	107	107